

FLPL e-JD™ INSURANCE ENDORSEMENT
(Claims-Made and Reported Coverage)

Effective Date:

This Endorsement (“Endorsement”) amends your Policy to provide e-JD insurance on a Claims-Made 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 insurance set forth in this Endorsement apply only to the coverage provided by this Endorsement.

All words and phrases in this Endorsement that appear in bold print have the meanings set forth in Section V of this Endorsement. 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 limits of liability for the coverage provided under this Endorsement are specified in Section IV of this Endorsement. Such limits of liability are in addition, to, and will not exhaust, the limits of insurance provided elsewhere under the Policy. **Defense costs** paid under this Endorsement will erode, and are included within, the e-JD limits of liability.

SECTION I - COVERAGE AGREEMENTS

In consideration of the premium paid and subject to all terms, conditions, definitions, exclusions and other provisions of this Endorsement, the Company agrees as follows:

A. MULTIMEDIA LIABILITY COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will pay:

- (1) **Damages** which an **insured** becomes legally obligated to pay; and
- (2) **Defense costs**,

resulting from a **claim** for an actual or alleged **multimedia peril(s)**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) The **insured** reports such **claim** in writing to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **multimedia peril(s)** takes place or first commences on or after the **retroactive date**.

B. SECURITY AND PRIVACY LIABILITY COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will pay:

- (1) **Damages** which an **insured** becomes legally obligated to pay; and
- (2) **Defense costs**,

resulting from a **claim** for an actual or alleged **security and privacy wrongful act**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) The **insured** reports such **claim** in writing to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and

- (3) The **security and privacy wrongful act** takes place or first commences on or after the **retroactive date**.

C. PRIVACY REGULATORY DEFENSE AND PENALTIES COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will pay:

- (1) **Regulatory fines and penalties** and/or any **regulatory compensatory award** which an **insured** becomes legally obligated to pay; and
- (2) **Defense costs**,

directly resulting from a **claim** for an actual or alleged **security breach** or **privacy breach**, provided that:

- (1) Such **claim** is first made against the **insured** during the **endorsement period**;
- (2) The **insured** reports such **claim** in writing to the Company no later than sixty (60) days after the **claim** is first made against the **insured**; and
- (3) The **security breach** or **privacy breach** takes place or first commences on or after the **retroactive date**.

D. PRIVACY BREACH RESPONSE COSTS, NOTIFICATION EXPENSES, AND CUSTOMER SUPPORT AND CREDIT MONITORING EXPENSES COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will pay reasonable **privacy breach response costs**, **notification expenses**, and/or **customer support and credit monitoring expenses** which you incur during the **endorsement period** as a direct result of an **adverse media report**, **security breach** or **privacy breach**, provided that:

- (1) The **adverse media report**, **security breach** or **privacy breach** takes place or first commences on or after the **retroactive date**; and
- (2) **You** report the **adverse media report**, **security breach** or **privacy breach** in writing to the Company during the **endorsement period**, but no later than 60 days from the date an **insured** first discovers the **adverse media report**, **security breach** or **privacy breach**.

E. NETWORK ASSET PROTECTION COVERAGE

- (1) Loss of Digital Assets

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will reimburse **you** for **digital assets loss** and/or **special expenses** which **you** incur during the **endorsement period** as a direct result of damage, alteration, corruption, distortion, theft, misuse, or destruction of **digital assets**, provided that:

- (a) Such damage, alteration, corruption, distortion, theft, misuse, or destruction of **digital assets** is directly caused by a **covered cause of loss**;
- (b) The **covered cause of loss** takes place or first commences on or after the **retroactive date**;
- (c) **You** report the **covered cause of loss** in writing to the Company during the **endorsement period**, but no later than 60 days from the date an **insured** first discovers the **covered cause of loss**; and

- (d) **You** provide clear evidence that the **digital assets loss** and/or **special expenses** directly resulted from the **covered cause of loss**.

The Company will pay **digital assets loss** and/or **special expenses** for a period of up to twelve (12) months following the discovery of the damage, alteration, corruption, distortion, theft, misuse, or destruction of **digital assets**.

(2) Non-Physical Business Interruption and Extra Expense

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will reimburse **you** for **income loss, interruption expenses** and/or **special expenses** which **you** incur during the **period of restoration**, but after the **waiting period**, as a direct result of a total or partial interruption, degradation in service or failure of an **insured computer system**, provided that:

- (a) Such total or partial interruption, degradation in service or failure of the **insured computer system** is directly caused by a **covered cause of loss**;
- (b) The **covered cause of loss** takes place or first commences on or after the **retroactive date**;
- (c) **You** report the **covered cause of loss** in writing to the Company during the **endorsement period**, but no later than 60 days from the date an **insured** first discovers the **covered cause of loss**; and
- (d) **You** provide clear evidence that the **income loss, interruption expenses** and/or **special expenses** directly resulted from the **covered cause of loss**.

F. CYBER EXTORTION COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will reimburse **you** for **cyber extortion expenses** and/or **cyber extortion monies** that **you** pay as a direct result of a **cyber extortion threat**, including a demand for **cyber extortion monies**, provided that:

- (1) Such **cyber extortion threat** is first made against an **insured** on or after the **retroactive date**;
- (2) **You** provide clear evidence that the **cyber extortion expenses** and/or **cyber extortion monies** directly resulted from the **cyber extortion threat**; and
- (3) **You** report the **cyber extortion threat** in writing to the Company during the **endorsement period**, but no later than 60 days from the date the **cyber extortion threat** is made against an **insured**.

Cyber extortion expenses and/or **cyber extortion monies** shall not be paid without the Company's prior consultation and written authorization. **You** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation, or similar equivalent foreign agency, before surrendering any **cyber extortion monies** in response to a **cyber extortion threat**.

G. CYBER TERRORISM COVERAGE

Subject to the limits of liability specified in Section IV of this Endorsement, the Company will reimburse **you** for **income loss, interruption expenses, and/or special expenses** which **you** incur during the **period of restoration**, but after the **waiting period**, as a direct result of a total or partial interruption, degradation in service, or failure of an **insured computer system**, provided that:

- (1) Such total or partial interruption, degradation in service, or failure of the **insured computer system** is directly caused by an **act of cyber terrorism**;
- (2) The **act of cyber terrorism** takes place or first commences on or after the **retroactive date**;
- (3) **You** report the **act of cyber terrorism** in writing to the Company during the **endorsement period**, but no later than 60 days from the date an **insured** first discovers the **act of cyber terrorism**; and
- (4) **You** provide clear evidence that the **income loss, interruption expenses and/or special expenses** directly resulted from the **act of cyber terrorism**.

SECTION II – DEFENSE, INVESTIGATION, AND SETTLEMENT

The Company will have the right and duty to defend:

- A. Any **claim** for **damages** covered under Coverage Agreement A or Coverage Agreement B; or
- B. Any **claim** for **regulatory fines and penalties** and/or a **regulatory compensatory award** covered under Coverage Agreement C,

even if the allegations of the **claim** are groundless, false or fraudulent. The Company has the right to appoint counsel.

The Company may investigate or settle any **claim** at its sole discretion. The applicable limits of liability will be reduced and may be completely exhausted by payment of **defense costs**. The Company will not be obligated to pay or defend any **claim** after the applicable limit of the Company's liability hereunder has been exhausted.

No **insured** will incur any **defense costs** or other expenses, or settle any **claim**, assume any contractual obligation, admit liability, voluntarily make any payment, or otherwise consent to any settlement or judgment with respect to any **claim** without the Company's prior written consent, which will not be unreasonably withheld. The Company will not be liable for any **defense costs** or other expenses, settlement or judgment to which the Company has not consented.

SECTION III - EXCLUSIONS

The insurance provided under this Endorsement does not apply to:

- A. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any **multimedia peril, security and privacy wrongful act, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism or adverse media report**:
 - (1) Which was the subject of written notice given to us or to any other insurer prior to the initial effective date of **your** e-JD coverage;
 - (2) Which was the subject of any prior and/or pending written demand made against an **insured**, or a civil, administrative or arbitration proceeding commenced against an **insured**, prior to the initial effective date of **your** e-JD coverage, or that involved the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior demand or proceeding;

- (3) Which an **insured** had knowledge of prior to the initial effective date of **your** e-JD coverage.
- B. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, nuclear material or nuclear waste. For purposes of this exclusion, “pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. “Waste” includes material to be recycled, reconditioned or reclaimed.
- C. Any **claim** for liability assumed by an **insured** under any oral or written contract or agreement, except where such liability would apply apart from such contract or agreement and is otherwise covered by this Endorsement. With respect to any **multimedia peril, security breach or privacy breach**, this exclusion does not apply to any **claim** alleging liability **assumed under contract**.
- D. Any **claim** for breach of any express, implied, actual or constructive contract, warranty, guarantee, or promise, except where such liability would apply apart from such contract, warranty, guarantee or promise and is otherwise covered by this Endorsement. This exclusion does not apply to any **claim** alleging breach of **your** privacy policy or liability **assumed by contract**.
- E. Any **claim** which is covered under any other section of the Policy to which this endorsement attaches.
- F. Any **claim** for violations of the False Claims Act or any similar federal or state law, rule, or regulation concerning billing errors or fraudulent billing practices or abuse.
- G. Any **claim** for infringement of any patent or the misappropriation, theft, copying, display, or publication of any trade secret.
- H. Any **claim** for unfair competition, price fixing, deceptive trade practices, restraint of trade, or violation of any anti-trust laws.
- I. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Any employment or employment-related matters, including, but not limited to, employer-Employee relations, policies, acts or omissions;
 - (2) Any actual or alleged refusal to employ any person or any other actual or alleged misconduct with respect to employees; or
 - (3) Any actual or alleged obligations of the **insured** under any workers’ compensation, unemployment insurance, social security, disability benefits or other similar law.

This exclusion does not apply to an otherwise covered **claim** under Coverage Agreement B, which is brought by **your** past, present or future employee alleging a **security and privacy wrongful act**.

- J. Any **claim** for **bodily injury or property damage**.
- K. Any **claim** for harassment or discrimination because of, or relating to, race, creed, color, age, sex, sexual orientation or preference, national origin, religion, handicap, disability, political affiliation, marital status, or any other basis prohibited by federal, state or local law.
- L. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:

- (1) Satellite failures;
 - (2) Electrical or mechanical failures and/or interruption including, but not limited to, electrical disturbance, spike, brownout, or blackout; or
 - (3) Outages to gas, water, telephone, cable, telecommunications or other infrastructure, unless such infrastructure is under **your** direct operational control and such **claim** is otherwise covered under Coverage Agreement E or Coverage Agreement G.
- M. Any **claim** for violation of any of United States of America's economic or trade sanctions, including, but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").
- N. Any **criminal proceeding**.
- O. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Any willful, deliberately dishonest, malicious, or fraudulent act or omission;
 - (2) Any intentional violation of the law or of **your** privacy policy; or
 - (3) The gaining in fact of any profit, remuneration or financial advantage to which an **insured** was not legally entitled,

if committed by any **insured**, whether acting alone or in collusion with other persons. Notwithstanding the foregoing, the insurance afforded by this Endorsement will apply to **defense costs** incurred in defending any such **claim** until such time as there is a judgment or other final adjudication adverse to the **insured** establishing such willful, dishonest, fraudulent, or malicious conduct. The Company will have the right to recover **defense costs** incurred in defending such **claim** from those parties found to have committed such willful, dishonest, fraudulent, or malicious conduct.

This exclusion does not apply to:

- (1) Any **insured** that did not commit, participate in, or have knowledge of any willful, dishonest, fraudulent, or malicious conduct described in this exclusion; or
 - (2) A **claim** resulting from sabotage by your **employee**.
- P. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Any actual or alleged **multimedia peril, security and privacy wrongful act, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, or adverse media report** that took place or first commenced prior to the **retroactive date**; or
 - (2) Any actual or alleged **multimedia peril, security and privacy wrongful act, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, or adverse media report** that took place on or after the **retroactive date**, which, together with an actual or alleged **multimedia peril, security and privacy wrongful act, security breach, privacy breach, covered cause of loss, cyber extortion threat, act of cyber terrorism, or adverse media report** that took place prior to the **retroactive date**, would constitute related **multimedia perils, security and privacy wrongful acts, security breaches, privacy breaches, covered causes of loss, cyber extortion threats, acts of cyber terrorism or adverse media reports**.

For purposes of this exclusion, **multimedia perils, security and privacy wrongful acts, security breaches, privacy breaches, covered causes of loss, cyber extortion threats, acts of cyber terrorism, or adverse media reports** will be deemed related if we determine that they are logically or

causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

- Q. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any business, joint venture or enterprise not named on the Declarations.
- R. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any conduct, act, error or omission of any individual serving in any capacity other than as **your** officer, director, partner, stockholder, trustee or employee.
- S. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving an **insured's** insolvency or bankruptcy, the insolvency or bankruptcy of any other individual or entity, or the failure, inability or unwillingness to make payments because of the insolvency, liquidation, or bankruptcy of any individual or entity.
- T. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the wear and tear, drop in performance, progressive deterioration, or aging of **your** electronic equipment or **computer hardware**.
- U. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the failure of overhead transmission and distribution lines.
- V. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the gradual deterioration of subterranean insulation.
- W. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure or any other physical event, however caused.
- X. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the gradual deterioration or wear and tear of an **insured computer system**.
- Y. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services.
- Z. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving cost guarantees, cost representations, contract price or cost estimates being exceeded.
- AA. Any **claim** brought by or on behalf of:
 - (1) Any **insured** against another **insured**;
 - (2) Any entity which is owned, in whole or in part, by an **insured**, or any entity directly or indirectly controlled, operated or managed by an **insured**;
 - (3) Any entity which is a parent, affiliate or subsidiary of any entity in which an **insured** is a partner or joint venturer; or
 - (4) Any individual or entity who is a partner or joint venturer of any entity in which an **insured** is also a partner or joint venturer.

This exclusion does not apply to an otherwise covered **claim** under Coverage Agreement B, which is brought by **your** past, present or future employee alleging a **security and privacy wrongful act**, but

only if such employee or any of **your** past or present officers, directors or trustees did not commit, participate in, or contribute to such **security and privacy wrong act** or any **security breach** or **privacy breach**.

- BB. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving unauthorized trading. For purposes of this exclusion, “unauthorized trading” means trading, which at the time of the trade is:
- (1) In excess of permitted financial limits; or
 - (2) Outside of permitted product lines.
- CC. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) The actual or alleged purchase or sale of securities, or an offer, or solicitation of an offer, to purchase or sell securities;
 - (2) The actual or alleged loss of value of any securities; or
 - (3) Any actual or alleged violation of any securities law such as the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 or any regulation promulgated under the foregoing statutes, or any federal, state, local, or foreign laws similar to the foregoing statutes, including “Blue Sky” laws, whether such law is statutory, regulatory or common law.
- DD. Any **claim** for violation of the Organized Crime Control Act of 1970 (commonly known as ‘Racketeer Influenced And Corrupt Organizations Act’ or ‘RICO’), as amended, or any regulation promulgated under the foregoing statutes, or any similar federal, state, local or foreign laws, whether such law is statutory, regulatory or common law.
- EE. Any **claim** which is brought by the Federal Trade Commission, the Federal Communications Commission or any other federal, state or local governmental entity, in such entity’s regulatory or official capacity. This exclusion does not apply to an otherwise covered **claim** under Coverage Agreement C.
- FF. Any **claim** alleging:
- (1) The violation of any pension, healthcare, welfare, profit sharing or mutual or investment plans, funds or trusts; or
 - (2) The violation of any provision of the Employee Retirement Income Security Act of 1974 and its amendments and/or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling or order issued pursuant thereto.
- GG. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Strikes or similar labor actions, war, invasion, warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular uprising, military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions;
 - (2) The confiscation, nationalization, requisition or destruction of, or damage to, property by or under the order of any government or public or local authority; or
 - (3) Any action taken in controlling, preventing, suppressing or in any way relating to GG(1) or GG(2) above.

This exclusion does not apply to an **act of cyber terrorism**.

- HH. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving **your** commercial decision to cease providing a particular product or service, but only if **you** are contractually obligated to continue providing such products or services.
- II. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving:
- (1) Gambling or pornography;
 - (2) Prizes, awards or coupons; or
 - (3) The sale or provision of prohibited, restricted or regulated items such as alcoholic beverages, tobacco or drugs.
- JJ. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the use of programs that are not **operational programs** or **delivered programs**.
- KK. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving any **insured's** intentional use of illegal or unlicensed programs that are in violation of the provisions or laws referring to software protection.
- LL. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving the confiscation, commandeering, requisition, destruction of, or damage to **computer hardware** by order of a government de jure or de facto or by any public authority for whatever reason.
- MM. Any **claim** based upon, arising out of, resulting from, in consequence of, or in any way involving 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.
- NN. With respect to Coverage Agreement E(1):
- (1) Any amount incurred in restoring, updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;
 - (2) Physical damage to the **computer hardware** or **data** center, other than accidental physical damage or destruction of **electronic media** so that stored **digital assets** are no longer machine-readable;
 - (3) Contractual penalties or consequential damages;
 - (4) Any liability to third parties for whatever reason, including legal costs and expenses of any type;
 - (5) Fines or penalties imposed by law;
 - (6) The economic or market value of **digital assets**;
 - (7) Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
 - (8) Costs to upgrade, redesign, reconfigure or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
 - (9) Any losses paid under Coverage Agreement E(2).
- OO. With respect to Coverage Agreement E(2):
- (1) Any loss arising out of updating or replacing **digital assets** to a level beyond that which existed prior to the **covered cause of loss**;

- (2) Contractual penalties or consequential damages;
- (3) Any liability to third parties for whatever reason, including legal costs and expenses of any type;
- (4) Fines or penalties imposed by law;
- (5) Costs or expenses incurred to identify, patch or remediate software program errors or **computer system** vulnerabilities;
- (6) Loss of goodwill and reputational harm;
- (7) Costs to upgrade, redesign, reconfigure or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **covered cause of loss**; or
- (8) Any losses paid under Coverage Agreement E(1).

SECTION IV - LIMITS OF LIABILITY

A. With respect to the coverages provided under this Endorsement, the limits of liability are as follows:

- | | | | | | | |
|-----------------|--|---|-----------------|----------|----------------|-----------|
| (1) | Multimedia Liability Coverage: | \$50,000 each Claim | | | | |
| (2) | Security and Privacy Liability Coverage: | \$50,000 each Claim | | | | |
| (3) | Privacy Regulatory Defense and Penalties Coverage: | \$50,000 each Claim | | | | |
| (4) | Privacy Breach Response Costs, Notification Expenses,
and Customer Support and Credit Monitoring Expenses Coverage: | \$50,000 each Claim | | | | |
| (5) | Network Asset Protection Coverage: | \$50,000 each Claim | | | | |
| (6) | Cyber Extortion Coverage: | \$50,000 each Claim | | | | |
| (7) | Cyber Terrorism Coverage: | \$50,000 each Claim | | | | |
| (8) | Aggregate Limit: | <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">1-10 attorneys:</td> <td>\$50,000</td> </tr> <tr> <td>11+ attorneys:</td> <td>\$150,000</td> </tr> </table> | 1-10 attorneys: | \$50,000 | 11+ attorneys: | \$150,000 |
| 1-10 attorneys: | \$50,000 | | | | | |
| 11+ attorneys: | \$150,000 | | | | | |

B. The limit of liability stated in paragraph A(1) through paragraph A(7) above as applicable to “each **claim**” is the maximum amount the Company will pay for each **claim** under each Coverage Agreement of this Endorsement, including **defense costs** where applicable, regardless of the number of **insureds** involved or affected, the number of individuals or entities making a **claim**, or the number of **claims** made.

C. Subject to the provisions respecting “each **claim**,” the “Aggregate Limit” is the maximum amount the Company will pay for all **claims** made during the **endorsement period** under all Coverage Agreements combined, including **defense costs**. The “Aggregate Limit” is based on the size of the **named insured** firm as of the effective date of this Endorsement and will be determined in accordance with the table shown in paragraph A(8) above.

D. If the “Aggregate Limit” is exhausted, then the Company’s obligations under this Endorsement will be deemed completely fulfilled and extinguished.

E. All **claims** made under any one Coverage Agreement which arise out of the same, related, or continuing acts, facts or circumstances, will be considered a single **claim** without regard to the number of **insureds**,

claims, or persons or entities making a **claim**, and only one “each **claim**” limit will apply. Such **claim** will be deemed to have been first made on the date the earlier of the related **claims** was first made and will be deemed to have been first reported to the Company on the date the earlier of the related **claims** was first reported to the Company in writing. Appeals and any post-trial proceedings or consolidated proceedings approved by us will be considered to be part of the original **claim**.

- F. In the event that a **claim** is made and applies to more than one Coverage Agreement under this Endorsement, only one “each **claim**” limit will apply. The Company has the sole discretion to allocate amounts paid, if any, against the appropriate limit of liability.
- G. In the event two or more **claims** arising out of the same facts, circumstances, situations, events or transactions are covered under more than one Coverage Agreement of this Endorsement, only one “each **claim**” limit will apply to such **claims**. We have the discretion to allocate **claims** paid, if any, against the appropriate limit of insurance. All such **claims**, whenever first made, shall be considered as reported to the Company during the **endorsement period** in which the first of such **claims** is reported to the Company, and shall be subject to the limits of insurance applicable to that policy.

SECTION V - DEFINITIONS

When used in this Endorsement:

- A. **Act of cyber terrorism** means the premeditated use of disruptive activities, or the threat thereof, against computers, computer systems, networks and/or public internet by any person or group(s) of persons, whether acting alone or on behalf of, or in connection with, any organization(s) or government(s) with the intention to intimidate or cause destruction or harm and/or further social, ideological, religious, political or similar objectives. **Act of cyber terrorism** includes, but is not limited to, the use of information technology to organize and execute large-scale attacks against computer systems, networks and/or public internet, resulting in disabling and/or deleting critical infrastructure, data or information.
- B. **Adverse media report** means any unpredictable report or communication of an actual or potential **security breach** or **privacy breach**, which:
 - (1) Has been publicized through any media channel including, but not limited to, television, **print media**, radio or electronic networks, the **internet**, and/or electronic mail; and
 - (2) Threatens material damage to **your reputation** or **your** brands.
- C. **Assumed under contract** means liability for **damages** resulting from a **multimedia peril, security breach** or **privacy breach** where such liability has been assumed by **you** in the form of a written hold harmless or indemnity agreement, provided that such agreement was executed prior to the date the **multimedia peril, security breach, or privacy breach** occurred.
- D. **BPO service provider** means any third party independent contractor that provides business process outsourcing services for **your** benefit under a written contract with **you**, including, but not limited to, call center services, fulfillment services, and logistical support.
- E. **Bodily injury** means physical injury, sickness, disease, pain or death, and if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or emotional distress sustained by a person at any time.
- F. **Claim** means:

- (1) With respect to Coverage Agreement A (Multimedia Liability) and Coverage Agreement B (Security and Privacy Liability):
 - (a) Any written demand for monetary or non-monetary relief made against an **insured**;
 - (b) Any civil proceeding or arbitration proceeding initiated against an **insured**, commenced by the service of a complaint or similar pleading or notification; or
 - (c) Any written request to toll or waive a statute of limitations relating to a potential **claim** against an **insured**, including any appeal therefrom;

A **claim** under Coverage Agreement A or Coverage Agreement B will be deemed to be first made when an **insured** first receives notice of any of (1)(a) through (1)(c) above.

- (2) With respect to Coverage Agreement C (Privacy Regulatory Defense and Penalties), a **government investigation** commenced against an **insured** by letter notification, complaint, or order of investigation. A **claim** under Coverage Agreement C will be deemed to be first made when it is first received by an **insured**.
- (3) With respect to Coverage Agreement D (Privacy Breach Response Costs, Notification Expenses, and Customer Support and Credit Monitoring Expenses), **your** written report to the Company of an **adverse media report**, **security breach**, or **privacy breach**. A **claim** under Coverage Agreement D will be deemed to be first made when such written report is received by the Company.
- (4) With respect to Coverage Agreement E (Network Asset Protection), **your** written report to the Company of a **covered cause of loss**. A **claim** under Coverage Agreement E will be deemed to be first made when such written report is received by the Company.
- (5) With respect to Coverage Agreement F (Cyber Extortion), **your** written report to the Company of a **cyber extortion threat**. A **claim** under Coverage Agreement F will be deemed to be first made when such written report is received by the Company.
- (6) With respect to Coverage Agreement G (Cyber Terrorism), **your** written report to the Company of an **act of cyber terrorism**. A **claim** under Coverage Agreement G will be deemed to be first made when such written report is received by the Company.

G. **Computer hardware** means the physical components of any computer system including CPUs, memory, storage devices, storage media, and input/output devices and other peripheral devices and components, including, but not limited to, cable, connectors, fiber optics, wire, power supply units, keyboards, display monitors, and audio speakers.

H. **Computer program** means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. **Computer program(s)** include, but are not limited to, communications, networking, operating system, and related **computer programs** used to create, maintain, process, retrieve, store, and/or transmit electronic **data**.

I. **Computer system** means interconnected electronic, wireless, web, or similar systems (including all **computer hardware** and software) used to process and store **data** or information in an analogue, digital, electronic, or wireless format including, but not limited to, **computer programs**, electronic **data**, operating systems, **firmware**, servers, media libraries, associated input and output devices, mobile devices, networking equipment, websites, extranets, off line storage facilities (to the extent that they hold electronic **data**), and electronic backup equipment.

J. **Computer virus** means a program that possesses the ability to create replicas of itself (commonly known as "auto-reproduction" program) within other programs or operating system areas or which is capable of spreading copies of itself wholly or partly to other **computer systems**.

K. **Covered cause of loss** means, and is limited to, the following:

(1) Accidental Damage or Destruction

- (a) Accidental physical damage or destruction of **electronic media** so that stored **digital assets** are no longer machine-readable;
- (b) Accidental damage or destruction of **computer hardware** so that stored **data** is no longer machine-readable;
- (c) Failure in power supply or under/over voltage only if such power supply is under **your** direct operational control. "Direct operational control" includes back-up generators;
- (d) **Programming error of delivered programs**; or
- (e) Electrostatic build-up and static electricity.

(2) Administrative or Operational Mistakes

An accidental, unintentional, or negligent act, error or omission by **your** employee, a **BPO service provider**, or **outsourced IT service provider** in:

- (a) The entry or modification of **your** electronic **data**, which causes damage to such **data**; or
- (b) The creation, handling, development, modification, or maintenance of **digital assets**; or
- (c) The ongoing operation or maintenance of an **insured computer system** excluding the design, architecture, or configuration of an **insured computer system**.

(3) Computer Crime and Computer Attacks

An act, mistake or negligent error or omission in the operation of an **insured computer system** or in the handling of **digital assets** by **your** employee, a **BPO service provider**, or **outsourced IT service provider**, which fails to prevent or hinder any of the following attacks on an **insured computer system**:

- (a) A **denial of service attack**;
- (b) **Malicious code**;
- (c) **Unauthorized access**; or
- (d) **Unauthorized use**.

L. **Criminal proceeding** means any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment and/or criminal fine.

M. **Customer support and credit monitoring expenses** means those reasonable and necessary expenses which **you** incur, with the Company's prior written consent, in the event of a **privacy breach**, for the provision of customer support activity, including the provision of credit file monitoring services and identity theft education and assistance for up to a period of twelve (12) months from the date of enrollment in such credit file monitoring services, in the event of a **privacy breach**.

- N. **Cyber extortion expenses** means all reasonable and necessary costs and expenses which **you** incur, with the Company's prior written consent, as a direct result of a **cyber extortion threat**, other than **cyber extortion monies**.
- O. **Cyber extortion monies** means any funds or property which **you** pay, with the Company's prior written consent, to a person(s) or entity(ies) reasonably believed to be responsible for a **cyber extortion threat** insured under Coverage Agreement F, for the purpose of terminating such **cyber extortion threat**.
- P. **Cyber extortion threat** means a credible threat or series of related credible threats, including, but not limited to, a demand for **cyber extortion monies**, directed at **you** to:
- (1) Release, divulge, disseminate, destroy or use the confidential information of a third party taken from **you** as a result of **unauthorized access** to, or **unauthorized use** of, an **insured computer system**;
 - (2) Introduce **malicious code** into an **insured computer system**;
 - (3) Corrupt, damage or destroy an **insured computer system**;
 - (4) Restrict or hinder access to an **insured computer system**, including, but not limited to the threat of a **denial of service attack**; or
 - (5) Electronically communicate with **your** customers and falsely claim to be **you** or to be acting under **your** direction in order to falsely obtain personal confidential information of **your** customers (also known as "pharming," "phishing," or other types of false communications).
- Q. **Damages** means the amount of money which an **insured** is legally obligated to pay as a result of a covered **claim** under Coverage Agreement A or Coverage Agreement B, including judgments and any prejudgment or post-judgment interest awarded against the **insured** on that part of any judgment paid or to be paid by the Company, legal fees and costs awarded against an **insured** pursuant to such judgments, and settlements negotiated with the Company's consent.

Damages do not include:

- (1) Taxes;
 - (2) Any amount for which an **insured** is absolved from legal responsibility to make payment to a third party;
 - (3) Amounts owed under contract;
 - (4) **Your** future profits or royalties or any return, withdrawal, restitution or reduction of **your** professional fees, profits or other charges;
 - (5) Punitive, liquidated or exemplary damages or the multiplied portion of multiplied damages;
 - (6) Fines, sanctions or penalties;
 - (7) Any matters that are deemed uninsurable under applicable law;
 - (8) The costs to comply with orders granting injunctive or non-monetary relief, including specific performance or any agreement to provide such relief;
 - (9) Disgorgement of any remuneration or financial advantage to which **you** were not legally entitled; or
 - (10) Settlements negotiated without the Company's consent.
- R. **Data** means any and all information stored, recorded, appearing or present in or on an **insured computer system**, including, but not limited to, information stored, recorded, appearing or present in or on **your** electronic and computer databases, the **internet**, intranet, extranet and related websites, facsimiles, and electronic mail.

- S. **Defense costs** means reasonable and necessary legal fees, costs and expenses incurred with the Company's consent in the investigation, defense and appeal of any covered **claim** under Coverage Agreement A, Coverage Agreement B or Coverage Agreement C. **Defense costs** do not include any wages, salaries, fees, overhead or other charges incurred by, or paid to, any **insured** for any time spent in cooperating in the defense and investigation of any **claim** or potential **claim** under this Endorsement.
- T. **Delivered programs** means programs, applications, and software where the development stage has been finalized, having passed all test-runs, and been proven successful in a live environment.
- U. **Denial of service attack** means an event caused by unauthorized or unexpected interference or a malicious attack intended by the perpetrator to overwhelm the capacity of a **computer system** by sending an excessive volume of electronic **data** to such **computer system** in order to prevent authorized access to such **computer system**.
- V. **Digital assets** means **data** and **computer programs** that exist in an **insured computer system**. **Digital assets** do not include **computer hardware**.
- W. **Digital assets loss** means reasonable and necessary expenses and costs which **you** incur to replace, recreate, or restore **digital assets** to the same state and with the same contents immediately before it was damaged, destroyed, altered, misused, or stolen, including expenses for materials and machine time. **Digital assets loss** also includes amounts representing employee work time to replace, recreate, or restore **digital assets**, which shall be determined on a predefined billable hours or per hour basis as based upon **your** schedule of employee billable hours.
- X. **Electronic media** means floppy disks, CD ROM's, hard drives, magnetic tapes, magnetic discs, or any other media on which electronic data is recorded or stored.
- Y. **Endorsement period** means the period of coverage commencing on the effective date specified on this Endorsement and ending on the earlier of the termination, expiration or cancellation date of the Policy to which this Endorsement attaches. **Endorsement period** does not include any extended reporting period.
- Z. **Firmware** means the fixed programs that internally control basic low-level operations in a device.
- AA. **Government investigation** means a formal investigation instituted against an **insured** by any federal, state or local government agency or authority, the subject matter of which is a **security breach** or **privacy breach**.
- BB. **Income loss** means financial loss **you** sustain, as determined in accordance with the provisions of Coverage Agreement E(2) or Coverage Agreement G.
- CC. **Insured** means the **named insured** and any person qualifying as an "Insured" under Section III of the Policy, but only while such persons are acting within the scope of their duties on behalf of the **named insured**.
- DD. **Insured computer system** means:
- (1) A **computer system** operated by and either owned by, or leased to, **you**;
 - (2) With respect to Coverage Agreement B only, a **computer system** operated by a **BPO service provider** or **outsourced IT service provider** and used for the sole purpose of providing hosted computer application services to **you** or for processing, maintaining,

hosting, or storing **your** electronic **data**, pursuant to a written contract with **you** for such services.

EE. **Internet** means the worldwide public network of computers which enables the transmission of electronic **data** between different users, including a private communications network existing within a shared or public network platform.

FF. **Interruption expenses** means those expenses, excluding **special expenses**, which **you** incur in accordance with the provisions of Coverage Agreement E(2) or Coverage Agreement G, to:

- (1) Avoid or minimize the suspension of **your** business as a result of a total or partial interruption, degradation in service, or failure of an **insured computer system** caused directly by a **covered cause of loss** or an **act of cyber terrorism**, which **you** would not have incurred had no **covered cause of loss** or **act of cyber terrorism** occurred, including, but not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, use of third party services, or additional staff expenditures or labor costs; and
- (2) Minimize or avoid a **covered cause of loss** or **act of cyber terrorism** and continue **your** business.

The amount of **interruption expenses** recoverable under FF(1) above shall in no case exceed the amount by which the covered **income loss** is reduced by such incurred expenses.

GG. **Malicious code** means software intentionally designed to insert itself and damage a **computer system** without the owner's informed consent by a variety of forms including, but not limited to, virus, worm, Trojan horses, spyware, dishonest adware, and crimeware.

HH. **Multimedia peril** means the release or display of any **electronic media** on **your internet** site or **print media** for which **you** are solely responsible, which directly results in any of the following:

- (1) Any form of defamation or other tort related to the disparagement or harm to the reputation or character of any person or organization, including libel, slander, product disparagement, or trade libel,
- (2) Invasion, infringement or interference with an individual's right of privacy including false light, intrusion upon seclusion, commercial misappropriation of name, person, or likeness, and public disclosure of private facts;
- (3) Plagiarism, piracy, or misappropriation of ideas under an implied contract;
- (4) Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or
- (5) Domain name infringement or improper deep-linking or framing.

II. **Named insured** means the person, firm or professional legal business entity named as such on the Declarations.

JJ. **Notification expenses** means those reasonable and necessary expenses which **you** incur, with the Company's prior written consent, to comply with governmental privacy legislation mandating notification to affected individuals in the event of a **security breach** or **privacy breach**. **Notification expenses** include, but are not limited to:

- (1) Legal expenses;
- (2) Computer forensic and investigation fees;
- (3) Public relations expenses;

- (4) Postage expenses; and
- (5) Related advertising expenses.

KK. **Operational programs** means programs and software which are ready for operational use, having been fully developed, tested, and accepted by **you**.

LL. **Outsourced IT service provider** means a third party independent contractor that provides information technology services for **your** benefit under a written contract with **you**. **Outsourced IT service provider** services include, but are not limited to, hosting, security management, co-location, and **data** storage.

MM. **Period of restoration** means the period of time that commences on the date when the interruption, degradation, or failure of an **insured computer system** began and ends on the earlier of:

- (1) The date when the **insured computer system** is restored or could have been repaired or restored to the same condition, functionality, and level of service that existed prior to the **covered cause of loss** or the **act of cyber terrorism** with reasonable diligence, plus up to thirty (30) additional consecutive days after the restoration of the **insured computer system** to allow for restoration of **your** business; or
- (2) One hundred and twenty (120) consecutive days after the notice of **covered cause of loss** or **act of cyber terrorism** is received by the Company.

NN. **Print media** means newspapers, newsletters, magazines, books, and literary works in any form, brochures or other types of publications, and advertising materials, including packaging, photographs, and digital images.

OO. **Privacy breach** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by others acting on **your** behalf for whom **you** are legally responsible, including **BPO service providers** and **outsourced IT service providers**:

- (1) A common law breach of confidentiality, infringement, or violation of any right to privacy, including, but not limited to, a breach of **your** privacy policy, false light, intrusion upon a person's seclusion, commercial misappropriation of name, person, or likeness, or public disclosure of a person's private information; or
- (2) Any breach of privacy regulations, as they currently exist and as amended, associated with the confidentiality, access, control, and use of personally identifiable, non-public information, including, but not limited to:
 - (a) Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, and related state medical privacy laws;
 - (b) Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999;
 - (c) State and federal statutes and regulations regarding the security and privacy of consumer information;
 - (d) Governmental privacy protection regulations or laws associated with the control and use of personal information;
 - (e) Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
 - (f) Title XIII, the Health Information Technology for Economic and Clinical Health Act ("HITECH"), of the American Recovery and Reinvestment Act of 2009 ("ARRA").

A series of continuing **privacy breaches** or related or repeated **privacy breaches** will be considered a single **privacy breach** and will be deemed to have occurred when the first of such **privacy breaches** occurred.

- PP. **Privacy breach response costs** means those reasonable and necessary fees and expenses which **you** incur, with the Company's prior written consent, for the employment of a public relations consultant, if such action is necessary in order to avert or mitigate any material damage to **your reputation** or brands, which results or reasonably will result from an **adverse media report**.
- QQ. **Programming error** means an error which occurs during the development or encoding of a computer program, software, or application, which would, when in operation, result in a malfunction or incorrect operation of a **computer system**.
- RR. **Property damage** means injury to tangible property, including all resulting loss of use of that property, and loss of use of tangible property that is not physically injured. **Data** is not considered tangible property.
- SS. **Regulatory compensatory award** means a sum of money which an **insured** is legally obligated to pay as an award or fund for affected individuals, including a regulatory agency's monetary award to a third party, due to an adverse judgment or settlement arising out of a **government investigation**. **Regulatory compensatory award** does not include a criminal penalty or fine issued by a regulatory agency of any kind, including federal, state, or local governmental agencies.
- TT. **Regulatory fines and penalties** means any civil fines and penalties imposed against an **insured** as a result of a **government investigation**.
- UU. **Reputation** means the estimation of trust that patients, customers or clients have in doing business with **you** or in purchasing **your** products or services.
- VV. **Retroactive date** means the date specified as such on the Retroactive Date Schedule Endorsement, on or after which acts or events (as detailed under the relevant Coverage Agreement) must have taken place in order to be considered for coverage.
- WW. **Security and privacy wrongful act** means any of the following acts, whether actual or alleged, but only if committed or allegedly committed by an **insured**:
- (1) Failure to prevent or hinder a **security breach** that in turn results in:
 - (a) The alteration, copying, corruption, destruction, deletion, or damage to electronic **data** stored on an **insured computer system**;
 - (b) Theft, loss or unauthorized disclosure of electronic and non-electronic confidential commercial, corporate, personally identifiable, or private information that is in **your** care, custody or control;
 - (c) Theft, loss, or unauthorized disclosure of electronic and non-electronic confidential commercial, corporate, personally identifiable, or private information that is in the care, custody or control of a **BPO service provider** or **outsourced IT service provider** that is holding, processing, or transferring such information on **your** behalf; provided, however, that the theft, loss or unauthorized disclosure occurs while **your** written contract with such **BPO service provider** or **outsourced IT service provider** is in effect; or
 - (d) **Unauthorized use** of, or **unauthorized access** to, a **computer system** other than an

insured computer system.

- (2) Failure to timely disclose a **security breach** affecting personally identifiable, nonpublic information or the failure to dispose of personally identifiable, nonpublic information within the required time period, in violation of privacy regulations in effect now or in the future;
- (3) Failure to prevent the transmission of **malicious code** or **computer virus** from an **insured computer system** to the **computer system** of a third party;
- (4) A **privacy breach**;
- (5) Failure to prevent or hinder participation by an **insured computer system** in a **denial of service attack** directed against **internet** sites or the **computer system** of any third party; or
- (6) Loss of employee information.

XX. **Security breach** means:

- (1) **Unauthorized access** to, or **unauthorized use** of, an **insured computer system**, including **unauthorized access** or **unauthorized use** resulting from the theft of a password from an **insured computer system** or from any **insured**;
- (2) A **denial of service attack** against an **insured computer system**; or
- (3) Infection of an **insured computer system** by **malicious code** or the transmission of **malicious code** from an **insured computer system**,

whether any of the foregoing is a specifically targeted attack or a generally distributed attack. A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a continuing failure of computer security will be considered a single **security breach** and will be deemed to have occurred when the first of such **security breaches** occurred.

YY. **Special expenses** means reasonable and necessary costs and expenses which **you** incur to:

- (1) Prevent, preserve, minimize, or mitigate any further damage to **digital assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants, or forensic experts **you** retain;
- (2) Preserve critical evidence of any criminal or malicious wrongdoing;
- (3) Purchase replacement licenses for **computer programs** because the copy protection system and/or access control software was damaged or destroyed by a **covered cause of loss** or an **act of cyber terrorism**; or
- (4) Notify customers of a total or partial interruption, degradation in service, or failure of an **insured computer system** resulting from a **covered cause of loss** or an **act of cyber terrorism**.

ZZ. **Unauthorized access** means the gaining of access to a **computer system** by an unauthorized person or persons.

AAA. **Unauthorized use** means the use of a **computer system** by unauthorized persons or authorized persons in an unauthorized manner.

BBB. **Waiting period** means the 8 hour period which must elapse before **income loss**, **interruption expenses** and/or **special expenses** may be payable. The **waiting period** applies to each **period of restoration**.

CCC. **You** and **your** means the **named insured**.

SECTION VI – NOTICE PROVISIONS

A. NOTICE OF A CLAIM

- (1) As a condition precedent to coverage under Coverage Agreement A, B or C, the **insured** must give the Company written notice of any **claim** made against the **insured** no later than sixty (60) days after the **claim** is first made against the **insured**.
- (2) As a condition precedent to coverage under Coverage Agreement D, E, F or G, **you** must give the Company written notice of **your claim** during the **endorsement period**, but no later than 60 days from the date any **insured** first discovers the event or incident giving rise to such **claim**.
- (3) **You** must provide the Company with copies of all documentation comprising the **claim** as well as any authorization, cooperation, or assistance as the Company may require.
- (4) The Company will not be obligated to pay any amounts incurred prior to notification of a **claim** to the Company or amounts incurred without the Company's prior written consent.

B. NOTICE OF A POTENTIAL CLAIM

If, during the **endorsement period**, any **insured** first becomes aware of any facts or circumstances which could give rise to a **claim** covered under this Endorsement, and if the **insured** provides the Company with written notice during the **endorsement period** of:

- (1) The details regarding such facts or circumstances;
- (2) The nature of the loss incurred;
- (3) The identity of the potential claimant(s) involved;
- (4) The manner in which the **insured** first became aware of the facts or circumstances; and
- (5) The consequences which have resulted or may result,

then any **claim** subsequently made arising out of such reported facts or circumstances will be deemed to be a **claim** first made on the date notice complying with the foregoing requirements was first received by the Company.

SECTION VII - LOSS DETERMINATION

A. LOSS OF DIGITAL ASSETS

For any and all coverage provided under Coverage Agreement E(1), **digital assets loss** will be determined as follows:

- (1) If the impacted **digital asset** was purchased from a third party, the Company will pay only the lesser of the original purchase price of the **digital asset** or the reasonable and necessary **digital assets loss**.
- (2) If it is determined that the **digital assets** cannot be replaced, restored or recreated, then the Company will only reimburse the actual and necessary **digital assets loss** incurred up to such determination.

B. NON-PHYSICAL BUSINESS INTERRUPTION AND EXTRA EXPENSE AND CYBER TERRORISM

For any and all coverage provided under Coverage Agreement E(2) or Coverage Agreement G, **income loss** will be determined as the reduction of **your** income during the **period of restoration**, which is:

- (1) **Your** net income (net profit or loss before income taxes) that would have been reasonably projected, but which has been lost directly as a result of a total or partial interruption, degradation in service or failure of an **insured computer system** caused directly by a **covered cause of loss** or an **act of cyber terrorism**, whichever applies. The revenue projection will take into account the prior experience of **your** business preceding the date of the **covered cause of loss** or the **act of cyber terrorism** and the probable experience had no **covered cause of loss** or **act of cyber terrorism** occurred. Revenues include the amount of money paid or payable to **you** for goods, products or services sold, delivered or rendered in the normal course of **your** business. Revenue projection will be reduced by the extent to which **you** use substitute methods, facilities or personnel to maintain **your** revenue stream. The Company will take into consideration **your** documentation of the trends in **your** business and variations in, or other circumstances affecting, **your** business before or after the **covered cause of loss** or the **act of cyber terrorism**, which would have affected **your** business had no **covered cause of loss** or **act of cyber terrorism** occurred; and
- (2) Any fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the **period of restoration**.

SECTION VIII – EXTENDED REPORTING PERIOD

A. If an Extended Reporting Period Endorsement is issued to an **insured** in accordance with the Policy, then the period for reporting **claims** under this Endorsement will be automatically extended for a period of up to one (1) year immediately following termination of the Policy, but only for:

- (1) A **claim** under Coverage Agreement A, B or C which:
 - (a) Arises out of a **multimedia peril, security and privacy wrongful act, security breach or privacy breach** that takes place or first commences on or after the **retroactive date** and prior to the expiration or termination of the Policy; and
 - (b) Is first made against an **insured** during the extended reporting period; and
 - (c) Is reported to the Company no later than sixty (60) days after the **claim** is first made against an **insured**.
- (2) A **claim** under Coverage Agreement D, E, F or G which:
 - (a) Arises out of an **adverse media report, security breach, privacy breach, covered cause of loss, cyber extortion threat or act of cyber terrorism** that takes place or first commences on or after the **retroactive date** and prior to the expiration or termination of the Policy; and
 - (b) Is first made during the extended reporting period; and
 - (c) Is reported to the Company no later than 60 days from the date any **insured** first discovers the event or incident giving rise to such **claim**

B. If an Extended Reporting Period Endorsement is not issued for an **insured**, then coverage under this Endorsement for such **insured** terminates at the end of the **endorsement period**.

- C. All terms and conditions of this Endorsement, including the limits of liability, will continue to apply during the limited reporting period.
- D. The existence of the limited reporting period will not increase or reinstate the limits of liability set forth in Section IV of this Endorsement.

SECTION IX – OTHER INSURANCE

The coverage provided by this Endorsement will be excess insurance over any other valid and collectible insurance available, including any self insured retention or deductible portion thereof, whether such insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such insurance specifically applies as excess insurance over the insurance provided under this Endorsement.

SECTION X – ARBITRATION

Notwithstanding any other provision of this Endorsement or the Policy, any irreconcilable dispute between the Company and an **insured** may be submitted to arbitration in accordance with the then current rules of the American Arbitration Association, except that the arbitration panel shall consist of one arbitrator selected by the **insured**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators. Judgment upon the award may be entered in any court having jurisdiction. Both parties must agree to arbitration. The arbitrator has the power to decide any dispute between the Company and the **insured** concerning the application or interpretation of this Endorsement. However, the arbitrator shall have no power to change or add to the provisions of this Endorsement. The **insured** and the Company will share equally in the cost of arbitration.

All other terms and conditions of the Policy remain unchanged.