

Management Liability Package

CyberRisk Insurance

POLICY WORDING

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SAMPLE

CyberRisk Insurance

POLICY WORDING

Preamble- the Contract of Insurance

In consideration of the premium, the **Insurer** shall provide insurance in accordance with this policy during the **Period of Insurance** (or during any subsequent **Period of Insurance** agreed between the **Insurer** and the **Insured**), subject to the terms contained herein or endorsed hereon.

Section 1 – Insuring Clauses

Cyber Liability Insuring Clauses

- 1.1 Privacy and Security Liability**
The **Insurer** shall pay, on behalf of the **Insured**, **Loss** for any **Claim** first made during the **Period of Insurance**, for a **Privacy and Security Wrongful Act**.
- 1.2 Media Liability**
The **Insurer** shall pay, on behalf of the **Insured**, **Loss**, for any **Claim** first made during the **Period of Insurance**, for a **Media Wrongful Act**.
- 1.3 Regulatory Proceedings**
The **Insurer** shall pay, on behalf of the **Insured**:
- (a) **Defence Costs**; and
 - (b) **Consumer Redress Funds**,
- for any **Regulatory Claim**, first made during the **Period of Insurance**, for a **Privacy and Security Wrongful Act**.

Breach Response Insuring Clauses

- 1.4 Privacy Breach Notification**
The **Insurer** shall reimburse, or pay on behalf of the **Insured Organisation**, **Privacy Breach Notification Expenses** resulting from a **Privacy and Security Wrongful Act**, **Discovered** during the **Period of Insurance**.
- 1.5 Public Relations**
The **Insurer** shall reimburse, or pay on behalf of the **Insured Organisation**, **Public Relations Expenses**, resulting from a **Privacy and Security Wrongful Act**, **Discovered** during the **Period of Insurance**.
- 1.6 Data Restoration**
The **Insurer** shall reimburse, or pay on behalf of the **Insured Organisation**, **Data Restoration Expenses**, resulting from a **Computer Breach**, **Discovered** during the **Period of Insurance**.

1.7 Cyber Extortion

The **Insurer** shall reimburse, or pay on behalf of the **Insured Organisation**, **Cyber Extortion Expenses**, resulting from a **Cyber Extortion Threat**, **Discovered** during the **Period of Insurance**.

Business Loss Insuring Clause

1.8 Business Interruption

The **Insurer** shall pay the **Insured Organisation**, **Business Interruption Loss**, directly caused by a **Computer System Disruption**, **Discovered** during the **Period of Insurance**.

Section 2 – Additional Benefits

The maximum amount the **Insurer** shall pay under this Section 2 Additional Benefits, during the **Period of Insurance**, is the sub-limit against each Additional Benefit specified in the Schedule, irrespective of the number of requests for indemnity or, the amount claimed. The sub-limit is part of, and not in addition to, the **Limit of Indemnity**.

Cyber Liability Additional Benefit

2.1 Payment Card Expenses

The **Insurer** shall pay on behalf of the **Insured Organisation**, **Payment Card Expenses**, for any **Claim** first made during the **Period of Insurance**, for a **Privacy Breach**.

Breach Response Additional Benefit

2.2 Rewards

The **Insurer** shall pay on behalf of the **Insured**, **Rewards Expenses** following a covered **Privacy and Security Wrongful Act**, **Computer Fraud**, **Funds Transfer Fraud** or **Telecommunications Fraud**.

Cyber Crime Additional Benefits

2.3 Computer Fraud

The **Insurer** shall pay the **Insured Organisation**, for **Computer Fraud Loss** resulting directly from **Computer Fraud**, **Discovered** during the **Period of Insurance**.

2.4 Funds Transfer Fraud

The **Insurer** shall pay the **Insured Organisation**, for **Funds Transfer Fraud Loss** resulting directly from **Funds Transfer Fraud**, **Discovered** during

the **Period of Insurance**.

2.5 Telecommunications Fraud
The **Insurer** shall pay the **Insured Organisation**, for the charges incurred by the **Insured Organisation** resulting directly from the intentional, unauthorised, and fraudulent gaining of access to outgoing telephone services through infiltration and manipulation by a person or organisation other than a partner, director, or **Employee**, **Discovered** during the **Period of Insurance**.

Business Loss Additional Benefits

2.6 Damage to Computer System
The **Insurer** shall pay the **Insured Organisation**, **Computer System Expenses** resulting directly from a **Computer Breach**, **Discovered** during the **Period of Insurance**.

2.7 Unspecified Suppliers - IT Provider
The **Insurer** shall pay the **Insured Organisation**, **Business Interruption Loss** directly caused by a **Computer System Disruption** to an **IT Provider's Computer System**, **Discovered** during the **Period of Insurance**.

2.8 Unspecified Suppliers - Outsource Provider
The **Insurer** shall pay the **Insured Organisation**, **Business Interruption Loss** directly caused by a **Computer System Disruption** to an **Outsource Provider's Computer System**, **Discovered** during the **Period of Insurance**.

2.9 Attendance Compensation Costs
The **Insurer** shall pay on behalf of the **Insured** any reasonable costs, fees, or expenses incurred by an **Insured** in respect, or in the defence, of any **Claim** first made during the **Period of Insurance**, where an **Insured Person** is required to:

- (a) attend an official inquiry;
- (b) appear before a court, tribunal; or
- (c) arbitration hearing,

as a witness, however, the **Insurer** is only liable to pay, under this Additional Benefit 2.9, for the attendance of one such observer for all **Insured Organisations** together per day, provided, the maximum amount available shall not exceed £350 per **Insured Person** per day.

2.10 Incompatibility of Computer System
The **Insurer** shall pay the **Insured Organisation** for the lesser of:

- (a) costs of upgrading undamaged parts of the **Computer System**;
- (b) costs of replacing or upgrading software; or
- (c) costs of reconfiguring the **Computer System**,

in the event that loss to the **Computer System**,

- (i) resulted in incompatibility; and
- (ii) was directly caused by a **Computer Breach**,

Discovered during the **Period of Insurance**.

Section 3 – Exclusions

The following Exclusions are applicable to all Section 1 Insuring Clauses and Section 2 Additional Benefits

3.1 Criminal or Deliberate Acts

The **Insurer** shall not be liable to make payment for **Loss** or **First Party Loss**, arising from, based upon, attributable to, or as a consequence of any criminal, dishonest, fraudulent or malicious act or omission, or any known violation of rights or laws, committed:

- (a) by any director or executive officer of the **Insured Organisation**;
- (b) by any partner of the **Insured Organisation** if the **Insured Organisation** is a partnership;
- (c) by any joint-venture partner of the **Insured Organisation** if the **Insured Organisation** is a joint venture; or
- (d) with the consent or knowledge of the **Insured Organisation**.

3.2 Government Action

The **Insurer** shall not be liable to make payment for **Loss** or **First Party Loss** arising from, based upon, attributable to, or as a consequence of any:

- (a) seizure;
- (b) confiscation;
- (c) nationalisation;
- (d) requisition; or
- (e) destruction of property,

by or under the order of domestic or foreign government authority.

3.3 Pollution

The **Insurer** shall not be liable to make payment for **Loss** or **First Party Loss**, arising from, based upon, attributable to, or as a consequence of any liability arising from:

- (a) the actual, alleged or, threatened generation, transportation, discharge, emission, dispersal, release, escape, treatment, storage, or disposal of **Pollutants**; or
- (b) any governmental regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise pollutants or any action taken in contemplation or anticipation of any such regulation, order, direction or request, or any voluntary decision to do so.

3.4 Property Damage

The **Insurer** shall not be liable to make payment for **Loss** or **First Party Loss**, arising from, based upon, attributable to, or as a consequence of damage to, or destruction of, loss of, or loss of use of, any tangible property.

This exclusion shall not apply to any **Damage** to the **Insured's Computer System**.

3.5 Unsolicited Communication

The **Insurer** will not be liable to make payment for **Loss** or **First Party Loss**, arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting, or distributing of any communication, in any form, that the recipient of such communication did not specifically request or consent to receive.

3.6 Utilities

The **Insurer** will not be liable to make payment for **Loss** or **First Party Loss** arising from, based upon, attributable to, or as a consequence of the failure or interruption of any:

- (a) satellite;
- (b) electrical or mechanical systems;
- (c) electric, gas, water, or other utility;
- (d) telephone, cable, telecommunications, or Internet service provider; or
- (e) other infrastructure,

except, when such is under the **Insured's** control.

3.7 War

The **Insurer** shall not be liable to make payment for **Loss** or **First Party Loss**, arising from, based upon, attributable to, or as a consequence of:

- (a) war, including undeclared or civil war;
- (b) warlike action by a military force, including action in hindering or defending against an actual or expected attack; or
- (c) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

This exclusion does not apply to an actual or suspected **Cyber Extortion Threat, Privacy Breach, or Computer System Disruption**.

The following Exclusions are applicable to all Section 1, Cyber Liability Insuring Clauses, and Section 2, Cyber Liability Additional Benefit.

3.8 Bodily Injury

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim**, for any actual or alleged bodily injury, sickness, disease, death, emotional distress, mental anguish, humiliation or loss of reputation; provided that this exclusion will not apply to that portion of any **Claim** for a **Media**

Wrongful Act seeking **Loss** for emotional distress, mental anguish, humiliation or loss of reputation.

3.9 Contractual Liability

The **Insurer** shall not be liable to make payment for **Loss**, arising from, based upon, attributable to, or as a consequence of any liability assumed by an **Insured** under any contract or agreement, whether oral or written, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement.

This exclusion shall not apply to any **Payment Card Expenses**.

3.10 Controlling Interest

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim** by, or on behalf of, or in the name or right of:

- (a) any **Insured Organisation**; or
- (b) any organisation that at the time the **Wrongful Act** is committed, or the date the **Claim** is made:
 - (i) is owned, operated or controlled by any **Insured**; or
 - (ii) owns, operates or controls any **Insured**.

3.11 Distribution/Sale of Goods

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim** arising from, based upon, attributable to, or as a consequence of any:

- (a) distribution or sale of, or offer to distribute or sell, any goods, products or services; or
- (b) other use of any goods, products or services that actually infringes or violates any intellectual property law or right relating to the appearance, design or function of any goods, products or services.

3.12 Independent Contractors

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim** by, or on behalf of, any independent contractor, joint venture or venture partner arising from, based upon, attributable to, or as a consequence of any dispute over ownership rights in any content, displayed or disseminated via any electronic means by the **Insured Organisation**.

3.13 Intellectual Property

The **Insurer** shall not be liable to make payment for **Loss** for any **Claim** arising from, based upon, attributable to, or as a consequence of the **Insured's** misappropriation, infringement, or violation of copyrighted software, patent, trademark, trade secret or, any other intellectual property rights.

3.14 Intended Failure to Provide Access

The **Insurer** shall not be liable to make payment for **Loss**, arising from, based upon, attributable to, or as a consequence of any **Privacy and Security Wrongful Act** that results in the failure to provide access to the **Insured Organisation's** website or **Computer System** that was expected or intended by any **Insured**; provided that this exclusion shall not apply if the failure to provide access occurred because the **Insured Organisation** suspended its website or **Computer System** to mitigate loss arising out of:

- (a) a **Computer Virus** that affected the **Insured Organisation's** website or **Computer System**;
- (b) an intentional attack on a **Computer System** that depletes system resources or impedes system access available through the internet to authorised external users of a **Computer System**; or
- (c) an unauthorised breach of a **Computer System** that prevented authorised users from accessing the **Insured Organisation's** website or **Computer System**.

3.15 Prior Circumstances

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim**, based upon, or attributable to, or as a consequence of any **Circumstances** of which the **Insured** was, or ought reasonably to have been, aware at the inception date (whether or not notified under any similar insurance in force prior to the inception date of this policy, of which this is a renewal or replacement or which it may succeed in time).

3.16 United States of America

The **Insurer** shall not be liable to make payment for **Loss**, for any **Claim**:

- (a) made or brought in the United States of America, its territories or possessions whether for the enforcement of a judgment or finding of the court tribunal, or arbitration of another jurisdiction or otherwise where it is contended that the laws of the United States of America, its territories or possessions apply which involves the enforcement or attempted enforcement of a judgment or finding of the court or tribunal or arbitration of the United States of America its territories or possessions; or
- (b) arising from, based upon, or attributable to, any loss or damage sustained, or alleged to have been sustained in the United States of America, its territories or possessions.

The following Exclusions apply only to Section 2 Computer Fraud and Funds Transfer Fraud Additional Benefits.

3.17 Credit, Debit or Charge Card Fraud

The **Insurer** shall not be liable to make payment for loss arising from, based upon, attributable to, or as a consequence of the use or purported use of any credit, debit, charge, access, convenience, identification or other card.

3.18 Fraudulent Instruction

The **Insurer** shall not be liable to make payment for **First Party Loss** arising from, based upon, attributable to, or as a consequence of any fraudulent instruction if the sender, or any person or organisation acting in collusion with the sender, ever had authorised access to the **Insured's** password, PIN or other security code.

3.19 Forged, Altered or Fraudulent Negotiable Instruments

The **Insurer** shall not be liable to make payment for any **First Party Loss** arising from, based upon, attributable to, or as a consequence of any forged, altered or fraudulent negotiable instrument, securities, documents or written instructions, or instructions used as source documentation to enter electronic data or send instructions.

3.20 Income, Interest or Dividends

The **Insurer** shall not be liable to make payment for **First Party Loss** arising out of potential income, including interest and dividends, not realised by the **Insured** or the **Insured's** customer.

Section 4 – Excess

4.1 Excess

The **Insurer** is liable under Section 1 Cyber Liability Insuring Clause and Section 2 Additional Benefits of this policy only for that part of any **Loss** or **First Party Loss** arising from each **Claim** or **Single First Party Insured Event** which exceeds the excess specified in the Schedule. The **Limit of Indemnity** applies over and above any excess specified in the Schedule. The excess specified in the Schedule does not apply to Section 2. Rewards Additional Benefits.

The excess specified in the Schedule in respect of Section 1 Insuring Clauses Cyber Extortion shall apply to cost or expenses as defined in respect of Section 7 Definition 7.19(b) **Cyber Extortion Expenses** only.

4.2 If more than one excess shall apply to:

- (a) a **Claim**;
- (b) a **First Party Event**; or
- (c) **Claims** and **First Party Events** that share a common nexus, set of facts, circumstance, situation, event, or decision,

the **Insured** shall not pay more than the amount of the largest applicable excess.

- 4.3 The **Insurer**, at its sole discretion, may pay all or part of the excess amount on behalf of any **Insured**, and in such event, the **Insureds** agree to repay the **Insurer** any amounts so paid.

Section 5 - Claims Conditions

The following Claims Conditions are applicable to all Section 1 Insuring Clauses and Section 2 Additional Benefits.

5.1 Allocation

With respect to **First Party Insured Event** or **Loss** of any **Claim** made against the **Insured** or any **Claim** that involves covered matters and matters not covered or covered parties and parties not covered under this policy, the **Insured** and the **Insurer** agree to use their best efforts to determine a fair and proper allocation of the **First Party Insured Event** or **Loss** and joint settlement amounts as between the **Insured Organisation** and any **Insured Person** based on the relative legal and financial exposures and based upon established judicial principles.

5.2 Claim, First Party Insured Event or Circumstance Notification

If, during the **Period of Insurance**, the **Insured**:

- (a) Becomes aware of any **Claim**; or
- (b) **Discovers** a **First Party Insured Event**,

the **Insured** shall give notice to the **Insurer** as soon as practicable after the **Authorised Person** first becomes aware of such **Claim, First Party Insured Event** or **Wrongful Act** and in any event within 30 days following the expiry date.

If, during the **Period of Insurance**, the **Insured** becomes aware of any **Circumstance**, the **Insured** shall give notice of such **Circumstance** to the **Insurer** as soon as practicable after the **Authorised Person** first becomes aware of such **Circumstance**, and in any event within 30 days following the expiry date.

The **Insurer** agrees that any such **Circumstance** notified to them during the **Period of Insurance** (or within 30 days following the expiry date) which subsequently gives rise to a **Claim** after the expiry date is deemed a **Claim** first made during the **Period of Insurance**.

Notification is deemed to have been made to the **Insurer** if made to the Bond and Specialty Claims at Travelers Insurance Company Limited at the address on page 19 of this policy.

5.3 Discharge of Liability

The **Insurer** may, at any time, pay the **Insured**, in connection with any **Claim** under this policy, the

Limit of Indemnity less any sums already paid or any lesser sum (after deduction of the excess) for which such **Claim** can be settled, and, upon such payment, the **Insurer** shall not be under any further liability in respect of such **Claim** except for **Defence Costs** incurred prior to such payment, but only up to the **Limit of Indemnity**.

The **Insurer** shall not be liable for any loss which the **Insured** may claim to have sustained in consequence of the **Insurer** taking the action described in this clause.

5.4 Financial Interest Coverage

- (a) This policy shall not provide coverage for **Loss**:

- (i) sustained by any **Insured Organisation** domiciled;
- (ii) sustained by any **Insured Person** residing; or
- (iii) to any property located,

in a foreign jurisdiction to the extent that providing such coverage would violate the laws or regulations of such foreign jurisdiction.

- (b) In the event of **Loss** described in (a)(i) above, for which this policy would otherwise have provided coverage, the **Insurer** shall reimburse the first named **Insured Organisation** stated in the Schedule that is domiciled in an authorised jurisdiction for its **Loss** on account of its **Financial Interest** in the insured entity domiciled in the foreign jurisdiction.

- (c) In the event of **Loss** described in (a) above, for which this policy would otherwise have provided coverage, the **Insurer** shall reimburse an:

- (i) **Insured Organisation** for its insurable loss as measured by the amount of such **Loss** described in (a)(ii) as it pays to or on behalf an **Insured Person**; or
- (ii) **Insured Person** for its non-indemnified **Loss** by payment of **Loss** in a country or jurisdiction mutually acceptable to such **Insured Person** and the **Insurer**,

to the extent that doing so would not violate any applicable laws or regulations.

- (d) In the event of **Loss** described in (a)(iii) above, for which this policy would otherwise have provided coverage, the **Insurer** shall reimburse the first named **Insured Organisation** stated in the Schedule that is

domiciled in an authorised jurisdiction for its **Loss** on account of its **Financial Interest** in another **Insured Organisation** which has an insurable interest in the property.

The following definition is applicable to the Financial Interest Clause only:

Financial Interest means the insurable interest of the first named **Insured** stated in the Schedule that is domiciled in foreign jurisdiction in which the **Insurer** is not licensed to provide this insurance, as a result of such first named **Insured**:

- (a) ownership of the majority of the outstanding securities or voting rights of such **Insured** representing the present right to elect, appoint, or exercise a majority control over such **Insured's** board of directors, board of trustees, board of managers, natural person general partner, or functional foreign equivalent;
- (b) indemnification of, or representation that it has an obligation to indemnify, such **Insured** for **Loss** incurred by such **Insured**; or
- (c) election or obligation to obtain insurance for such **Insured**.

5.5 Insurer's Consent

The **Insured** must obtain the **Insurer's** written consent, which shall not be unreasonably withheld or delayed, before any:

- (a) admission of liability is made;
- (b) consent to judgment is given;
- (c) **Defence Costs** are incurred;
- (d) legal representative is retained to defend any **Insured** or any steps taken in connection with any **Claim** or other legal proceedings that may potentially be covered by this policy, unless required to do so pursuant to the law applicable to such **Claim** or other legal proceedings;
- (e) **Claim** is settled; or
- (f) costs or expenses are incurred under the Section 1 Insuring Clauses or Section 2 Additional Benefits

5.6 Queen's Counsel

If the **Insured** and the **Insurer** cannot agree on a common course of action with regard to the contesting of any legal proceedings, the dispute shall be resolved by reference to a Queen's Counsel of the English Bar whose decision shall be binding. In the event of disagreement regarding the appointment of Queen's Counsel, the Queen's Counsel shall be appointed by the Chairman for the time being of the Bar Council.

The **Insurer** or the **Insured** shall only be required to contest legal proceedings where the Queen's

Counsel shall advise that there are reasonable prospects of successfully defending the proceedings or limiting the exposure of the **Insured** to legal liability.

The costs of appointing the Queen's Counsel shall be equally split between and paid for by the **Insurer** and the **Insured**.

The following Claims Conditions are applicable to Section 1 Cyber Liability Insuring Clauses and Section 2 Cyber Liability Additional Benefits.

5.7 Claims Deemed to be a Single Claim

Where two or more **Claims** or **Circumstances** whether made against, or involving one or more persons or entities comprising the **Insured**, and whether made by the same or different claimants, whether instituted or pursued in the same or different jurisdictions, whether falling under one or more Insuring Clauses or Additional Benefits of this policy, and whether notified separately or in a consolidated notification to the **Insurer**) arise directly or indirectly from or are in connection with or are directly or indirectly attributable to:

- (a) the same originating cause source or event;
- (b) one act or omission;
- (c) the same or similar acts or omissions; or
- (d) acts or omissions in or in respect of one matter or transaction or in respect of a series of matters or transactions,

they will be considered a single **Claim** or **Circumstance**, whichever is applicable, and such **Claim** or **Circumstance** is deemed to have been made at the time the first of such **Claims** or **Circumstances** was made, whether prior to or during the **Period of Insurance**.

5.8 Conduct of Claim

- (a) The **Insured**, against whom a **Claim** is made, shall take all reasonable steps to defend such **Claim**, and not to do anything to prejudice the position of the **Insurer**.

The **Insurer** shall have no duty to defend any **Claim** made against any **Insured**, but with respect to any such **Claim** that may potentially be covered by this policy, shall have the right to be provided with all information concerning such **Claim** as the **Insurer** shall reasonably require, and kept fully informed of all matters relating to or concerning the investigation, defence, or settlement of any such **Claim**, and shall have the right to receive copies of all relevant documentation relating thereto.

Following notification of a **Claim**, or **Circumstance** where applicable, the **Insured** shall give to the **Insurer** all information and assistance as the **Insurer** may reasonably require, and shall co-operate with the **Insurer**, and any representative appointed by the **Insurer**, by:

- (i) providing information, signed statements or, depositions as may be required in the defence or investigation of any **Claim**, **Circumstance**, or issue relating to policy response;
 - (ii) ensuring payment on demand of the excess in conjunction with the terms of any settlement (including any payment into court) agreed to by the **Insurer**;
 - (iii) promptly and fully informing the **Insurer** of all developments of which the **Insured** becomes aware concerning any reported **Claim** or **Circumstance**;
 - (iv) continuing to provide information, assistance and signed statements as may reasonably be required to permit the **Insurer** to exercise rights of subrogation; and
 - (iv) agreeing to the appointment of legal representation chosen by the **Insurer**.
- (b) The **Insured** must co-operate with the **Insurer** in the investigation and settlement of any **First Party Insured Event**.

5.9 Defence Costs

Any payments of **Defence Costs** to or on behalf of an **Insured** which have been made by the **Insurer** shall be repaid to the **Insurer** by the **Insured** to whom such payments related in the event it is established such **Insured** had no entitlement to payment of **Loss** under the terms and conditions of this policy.

The following Claims Conditions are applicable to Section 1 Breach Response and Business Loss Insuring Clauses and Section 2 Breach Response, Cyber Crime and, Business Loss Additional Benefits.

5.10 Proof of Loss

The **Insured** must provide the **Insurer** with a detailed proof of loss statement as soon as practicable and, in any event within 6 months of the **First Party Insured Event**.

Section 6 - General Conditions

The following General Conditions are applicable to all Section 1 Insuring Clauses and Section 2 Additional Benefits.

6.1 Applicable Law

This policy and any dispute, claim, or difference concerning the policy (including its validity and application) is governed exclusively by and construed in accordance with the laws of England and Wales, whose courts shall have exclusive jurisdiction save where there is a reference to arbitration as provided for in General Condition 6.2 Arbitration.

6.2 Arbitration

Any dispute, claim, or difference between the **Insurer** and the **Insured** as to the correct interpretation of this policy shall be referred by either party to a single arbitrator in accordance with the Arbitration Act 1996, to be chosen by agreement or, in default, to be appointed by the President of the Chartered Institute of Arbitrators, whose decision shall be binding on both parties.

6.3 Assignment

This policy may not be assigned or transferred, and any attempted assignment or transfer is void and without effect unless the **Insurer** has provided its prior written consent to such assignment or transfer.

6.4 Cancellation

This policy may not be cancelled by any party, except by the **Insurer** for failure to pay the premium, in which case 30 days written notice shall be given to the **Insured** or the representative responsible for placing this coverage with the **Insurer**. Unless payment in full is received before the expiration of the 30 days written notice period, cancellation shall be effective from the inception date. This policy shall terminate at the expiry of the **Period of Insurance** as stated in the Schedule.

6.5 Contracts (Rights of Third Parties) Act 1999

Any natural person or entity who was not a party to this policy has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this policy; provided, this General Condition does not affect any right or remedy of a third party which exists or is available apart from such Act.

6.6 Changes and Authority

The **Insured** agrees that the first named **Insured Organisation** stated in the Schedule is their agent for all purposes in connection with this policy. This policy may be varied or rescinded by the agreement between the **Insurer** and the first named **Insured Organisation** stated in the Schedule, without the consent of any other **Insured**.

6.7 Currency

All amounts under this policy are expressed and payable in the currency in which the premium has been paid. If judgment is rendered, settlement is denominated, or any other element of **Loss** under this policy is stated in any other currency, payment shall be made at the spot exchange rate published by the Bank of England on the date the payment of **Loss** is due.

6.8 Innocent Misrepresentation and Non-Disclosure

With respect to any misrepresentation or non-disclosure by any **Insured**, the **Insurer** waives its right to avoid or rescind this policy in whole or in part; provided:

- (a) such non-disclosure or misrepresentation was innocent and free from any fraudulent conduct or intent to deceive;
- (b) the **Insurer** shall be entitled to amend the terms, conditions, and premium for this policy upon review of any information previously misrepresented or not disclosed to the **Insurer**; and
- (c) the **Insurer** is entitled to determine the effective date of any amendments in consequence of the exercising of their rights under this General Condition.

6.9 Joint Insureds

If the **Insured Organisation** consists of more than one entity, then the **Insured** as named in the Schedule acts for itself and for every other **Insured Organisation** for all purposes.

If any **Insured Organisation**, or any **Authorised Person**, has knowledge of, or **Discovers**, any information relevant to any Section 1 Insuring Clauses or Section 2 Additional Benefits, that knowledge or **Discovery** is considered knowledge or **Discovery** of every **Insured Organisation**.

Where the **Insurer** is liable to indemnify more than one **Insured** in respect of any **Claim**, the total amount of indemnity payable under this policy shall not exceed the **Limit of Indemnity**.

Furthermore, in accordance with Section 4. Excess, the excess shall apply to all **Insureds** jointly.

6.10 Liquidation and Change of Control

If, during the **Period of Insurance**:

- (a) the **Insured** is placed into liquidation or administration; or
- (b) a **Change of Control** occurs,

then cover provided under

- (i) Section 1, Cyber Liability and Breach Response Insuring Clauses and, Section 2, Cyber Liability and Breach Response Additional Benefits shall continue in full force and effect with respect to any **Wrongful Act, Computer Breach, Cyber Extortion Threat** or, **Privacy Breach** committed before such event, but cover shall cease with respect to **Wrongful Acts** committed or, **Computer Breach, Cyber Extortion Threat** or, **Privacy Breach** occurring, after such event. No cover shall be available hereunder for **Loss**, for any **Claim** or **Circumstance** if applicable, arising from, based upon, attributable to or, as a consequence of any **Wrongful Act** committed after such event.

- (ii) Section 1, Business Loss Insuring Clause and, Section 2, Cyber Crime and Business Loss Additional Benefits, shall cease with immediate effect.

For the purposes of this General Condition, voluntary liquidation or administration shall be treated as having occurred on the date upon which that entity passes a resolution for voluntary liquidation or administration. Compulsory liquidation or administration shall be treated as having occurred on the date upon a petition for the compulsory liquidation or administration of that entity is presented to the relevant authorities.

6.11 No Warranties or Conditions Precedent

No term in this policy, including where expressed as a warranty or condition precedent is deemed a warranty or condition precedent such as to automatically discharge the **Insurer** from any liability upon its breach. The **Insurer** shall enforce any term that would otherwise be deemed a warranty or condition precedent as a policy condition only.

6.12 Other Insurance

In respect of:

- (a) Section 1, Cyber Liability and Breach Response Insuring Clauses and, Section 2 Cyber Liability and Breach Response Additional Benefits, this Policy will apply as primary insurance;
- (b) Section 1, Business Loss Insuring Clause and Section 2, Cyber Crime and Business Loss Additional Benefits, this Policy will apply only as excess of any other available insurance except in respect of any amount which is beyond the amount which would have been payable under such policy had this Policy not been effected.

6.13 Sanctions

This policy shall not be deemed to provide cover, nor shall the **Insurer** have any liability to pay, any

Claim, or provide any benefit hereunder to the extent that the provision of such cover, payment of such **Claim**, or provision of such benefit would expose the **Insurer** to any sanction, prohibition, or restriction under United Nations resolutions, or the trade or economic sanctions laws or regulations of the European Union, United Kingdom, or United States of America.

6.14 Subrogation and Recoveries

The **Insurer** shall be subrogated to all the **Insured's** rights of recovery, contribution, or indemnity against any natural person or entity before or after any payments under this policy. The **Insured** shall do whatever is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights.

All recoveries from third parties shall be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

- (a) first, to the **Insured** to reimburse the amount it has paid which would have been paid hereunder but for the fact that it is in excess of the applicable **Limit of Indemnity**;
- (b) second, to the **Insurer** to reimburse the amount paid hereunder; and
- (c) third, to the **Insured** in satisfaction of any applicable excess.

Provided, recoveries do not include any recovery from:

- (a) insurance, suretyship, reinsurance, security or indemnity taken for the **Insured's** benefit;
- (b) **First Party Loss** or expenses that consist of original **Securities** after duplicates of them have been issued.

6.15 Subsidiaries

If, during the **Period of Insurance** the **Insured Organisation** acquires or creates a **Subsidiary**, then automatic cover shall apply to the newly acquired or created **Subsidiary** and to all persons that would fall within the policy definition of an **Insured Person** of the newly acquired or created **Subsidiary** for any **Wrongful Act** committed or taking place on or for any **First Party Insured Event** occurring, after the effective date of such acquisition or creation; provided, such **Subsidiary**:

- (a) does not increase the **Insured's** total consolidated assets as stated in its last published annual report and accounts by more than 50%;
- (b) does not have any **Securities** listed on any stock exchange; and
- (c) is not a **Financial Institution**.

If any acquisition or creation breaches one or more of the criteria listed in (a), (b), or (c), then the **Insurer** shall automatically provide coverage for a period of 60 days after the effective date of such acquired or created **Subsidiary**. Coverage for such newly acquired or created **Subsidiary** shall expire at the end of 60 days or the end of the **Period of Insurance**, whichever is the sooner, unless the **Insured** gives written notice of such acquisition or creation as soon as practicable together with such information as the **Insurer** may require and the **Insurer** agrees in writing to insure it. The **Insured** also agrees to pay any additional premium and agrees to any amendments to the policy's terms and conditions that may be required.

The **Insurer** shall only provide cover for **First Party Loss Discovered** or a **Claim** against any **Subsidiary** or any **Insured Person** of any **Subsidiary** for any **Wrongful Act** committed or taking place, whilst such entity is or was a **Subsidiary** of the **Insured Organisation**.

These General Conditions are applicable to Section 2 Cyber Crime Additional Benefits.

6.17 Ownership of Property; Interests Covered

The property covered under Section 2 Cyber Crime Additional Benefits is limited to property:

- (a) that the **Insured Organisation**:
 - (i) owns or leases;
 - (ii) holds for others on the **Insured Organisation's** premises or the **Insured Organisation's Financial Institution** premises; or,
- (b) for which the **Insured Organisation** is legally liable, except for property located inside the **Insured Organisation's** client's premises or such client's **Financial Institution** premises.

No rights or benefits shall accrue to any other person or organisation.

6.18 Valuation/Settlement

In no event shall the **Insurer** be liable for more than:

- (a) the actual market value of **Securities**, or **Money** at the close of business on the day the **Loss** was first **Discovered** determined by the value published in the London Edition of the Financial Times, or the actual cost of replacing the **Securities**, or **Money** whichever is less;
- (b) the actual cash value of **Other Property** (not referred to in (a) above) at the close

of business on the day the **Loss** was first **Discovered**, or the actual cost of replacing the **Other Property** with that of like quality or value, whichever is less.

Section 7 - Definitions

7.1 Approved Provider

means a service provider approved by the **Insurer** in writing to the **Insured**.

7.2 Authorised Person

means any person while he or she is the **Insured's**:

- (a) director, board member or, executive officer;
- (b) appointed or elected official, if the **Insured** is a public entity; or
- (c) risk manager, or any leader of the **Insured's** legal, finance, risk management, IT or IT security or other department that is responsible for insurance or security matters.

7.3 Business Interruption Loss

means in respect of:

- (a) Section 1 Business Loss Insuring Clause, Business Interruption;
- (b) Section 2 Business Loss Additional Benefit, Unspecified Suppliers- IT Provider; or
- (c) Section 2 Business Loss Additional Benefit, Unspecified Suppliers-Outsource Provider,

only, the **Insured Organisation's** loss resulting from interruption or interference with the **Insured Organisation's** business in accordance with the **Basis of Settlement**.

The following definition is applicable to the **Business Interruption Loss** definition only:
Basis of Settlement means:

- (a)
 - (i) the loss of **Income** sustained, being the amount by which the **Income** during the **Business Interruption Indemnity Period** falls short of the **Standard Income** in consequence of the **Computer System Disruption**;
 - (ii) Alternatively, if the **Insurer** considers it appropriate to the business of the **Insured Organisation**, the **Insurer** will apply the **Rate of Net Income** to the amount as described in paragraph (i) above;
- (b) plus **Extra Expenses**;

- (c) less a deduction for any sum saved during the **Business Interruption Indemnity Period** in respect of the charges and expenses of the **Insured Organisation's** business that may cease or be reduced in consequence of the **Computer System Disruption**; and
- (d) an adjustment of the **Rate of Net Income** (if the **Insurer** considers it appropriate to the business of the **Insured Organisation**) and the **Standard Income**:
 - (i) before the completion of the first year's trading of the **Insured Organisation's** business using their financial results prior to the date of the **Computer System Disruption**; and
 - (ii) to include variations in or other special circumstances affecting the **Insured Organisation's** business either before or after the **Computer System Disruption** or which would have affected the **Insured's Organisation's** business had the **Computer System Disruption** not occurred.

The resulting sum will represent as nearly as reasonably practicable the financial results which, but for the **Computer System Disruption**, would have been earned by the business of the **Insured Organisation** during the **Business Interruption Indemnity Period** after the **Computer System Disruption**.

The following definition is applicable to the **Basis of Settlement** definition only:

Extra Expenses means any increase in the additional expenditure necessarily and reasonably incurred by the **Insured Organisation** to maintain the business of the **Insured Organisation**.

7.4 Business Interruption Indemnity Period

means in respect of:

- (a) Section 1 Business Interruption Insuring Clause, only, the period of time that begins with the date and time that the interruption of the **Insured Organisation's** business directly caused by a **Computer System Disruption** is **Discovered**;
- (b) Section 2 Unspecified Supplier - IT Provider Additional Benefit, only, the period of time that begins with the date and time that the interruption of the **Insured Organisation's** business directly caused by a **Computer System Disruption** to an **IT Provider's System**, is **Discovered**;

- (c) Section 2 Additional Benefit Unspecified Supplier - Outsource Provider, only, the period of time that begins with the date and time that the interruption of the **Insured Organisation's** business directly caused by a **Computer System Disruption** to an **Outsource Providers System**, is **Discovered**,

and after the application of the **Business Interruption Waiting Period**, and ends when the financial results of the **Insured Organisation's** business cease to be affected by the said **Computer System Disruption**, but shall not exceed the Business Interruption Maximum Indemnity Period as shown in the Schedule.

7.5 Business Interruption Waiting Period

means the number of consecutive hours shown in the Schedule that must elapse after the actual and measurable interruption or suspension of the **Insured's** business directly attributable to a **Computer System Disruption**.

7.6 Change of Control

means the:

- (a) acquisition of the **Insured** (or more than 50% of its total consolidated assets as stated in its last published annual report and accounts) by another entity, or the merger or consolidation of the **Insured** into or with another entity such that the **Insured** is not the surviving entity; or
- (b) obtaining by any person, entity, or affiliated group of persons or entities the right to elect, appoint, or designate more than fifty percent (50%) of the board of directors, board of trustees, board of managers, or functional equivalent thereof, or to exercise a majority control of the board of directors, board of trustees, board of managers, or a functional equivalent thereof, of the **Insured**.

7.7 Chargebacks

means **Payment Card** charge reversals because of the fraudulent use of a **Payment Card** or **Confidential Data**, including transaction fees assessed to process such **Payment Card** charge reversals.

7.8 Circumstance

means an incident, occurrence, fact, matter, act, or omission, arising from a **Wrongful Act** which, regardless of Section 4 Excess is reasonably likely to give rise to a **Claim** (or any other entitlement to indemnity under the policy), including any:

- (a) intimation to make a **Claim**; or
- (b) known direct or indirect criticism or dispute (whether expressed or implied), which is likely to give rise to a **Claim** (whether justified or not).

7.9 Claim

means:

- (a) a written demand for monetary damages or non-monetary relief;
- (b) a civil mediation or arbitration proceeding (including any counter-claim seeking; compensation, or other legal remedy) commenced by service of a complaint or similar proceeding;
- (c) receipt of a formal notice of a criminal proceeding or the filing of charges;
- (d) a **Regulatory Claim**; or
- (e) assertion of a liability.

made or brought against the **Insured** for a **Wrongful Act**.

7.10 Computer Breach

means:

- (a) the introduction of a **Computer Virus** into a **Computer System**; or
- (b) damage to, or destruction of, computer programs, software or other electronic data stored within a **Computer System** by a natural person, including an **Employee**, with intent to cause harm.

7.11 Computer Fraud

means an intentional, unauthorised and fraudulent entry of data or computer instructions directly into, or change of data or computer instructions within, a **Computer System** by a natural person or entity, other than a partner, director, or **Employee**, or any individual under the direct supervision of the **Insured Organisation**, including any such entry or change made via the internet or a **Network**, provided that such entry or change causes:

- (a) **Money, Securities or Other Property** to be transferred, paid or delivered;
- (b) an account of the **Insured Organisation**, or of its customer, to be added, deleted, debited or credited; or
- (c) an unauthorised or fictitious account to be debited or credited.

7.12 Computer Fraud Loss

means the **Insured Organisation's** direct loss of **Money, Securities or Other Property** directly caused by **Computer Fraud**.

7.13 Computer System

means a computer and connected input, output, processing, storage, or communication device, or related network, operating system, website, or application software, that is:

- (a) under the operational control of, and owned by, licensed to, or leased to:
 - (i) the **Insured Organisation**; or

- (ii) an **Insured Person**, but only while authorised by, and in the course of transacting business on behalf of, the **Insured Organisation**; however, this will not apply to the, Section 1 Data Restoration Insuring Clause, or Section 2 Cyber Crime Additional Benefit; or

(b) operated by:

- (i) an **IT Provider**, but only the part of such computer system used to provide information technology services to the **Insured Organisation**; or
- (ii) an **Outsource Provider**,

however, this sub-paragraph (b) will not apply to the Section 1 Business Interruption Insuring Clause or Section 2, Incompatibility of Computer System Additional Benefit.

7.14 Computer System Disruption

means the actual and measurable interruption, suspension, or failure of a **Computer System** resulting directly from:

- (a) a **Computer Breach**; or
- (b) an intentional attack of a **Computer System** with protocols or instructions transmitted over the Internet or, another computer communication network, which triggers the use of a **Computer System's** resources to the extent that the capacity of those resources, to accommodate authorised users of such **Computer System**, is depleted or diminished.

7.15 Computer System Expenses

means the **Insured's** loss caused by a **Computer Breach**. The amount payable will be the reasonable:

- (a) costs to repair the **Damage** to the **Insured's Computer System** within the **Territorial Limits**; or
- (b) the costs of replacing the **Insured's Computer System**, within the **Territorial Limits**, without deduction for depreciation, but only after the property has actually been replaced,

provided that, the maximum amount payable as **Computer System Expenses** will be either:

- (i) the amount actually spent repairing the **Insured's Computer System**;
- (ii) the amount it would cost to replace the computer or communications network at the time of the loss with a new **Computer System** of similar kind and quality to be

used for the same purpose on the same site; or

- (iii) the applicable limit stated in the Schedule.

The decision to repair or replace the **Insured's Computer System** will be decided by the **Insurer**. Any **Computer System** that the **Insured** pays for or replaces shall become the property of the **Insured**. **Damage** to the **Insured's Computer System** does not include **Data Restoration Expenses**.

In the event that the **Insured's Damaged Computer System** cannot be:

- (1) repaired; or
- (2) replaced with a computer system of a condition equivalent to or substantially the same as, but not better than, or more extensive than, the **Damaged Computer System** when new,

the **Insurer** will pay the cost of a new computer system which represents the next best available model.

Provided that the **Insurer** shall not be liable for any additional expenditure incurred to ensure compatibility of the new computer system with any existing computer system.

For the purposes of this definition only, **Territorial Limits** means Great Britain, Northern Ireland, the Isle of Man or Channel Islands.

7.16 Computer Virus

means any malicious code which could destroy, alter, contaminate, or degrade the integrity, quality, or performance of:

- (a) electronic data used, or stored, in any computer system or network; or
- (b) a computer network, any computer application software, or a computer operating system or related network.

7.17 Confidential data

means:

- (a) any information relating to an identified or identifiable natural person; an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to:
 - (i) an identifier such as a name;
 - (ii) an identification number;
 - (iii) location data;
 - (iv) an online identifier; or
 - (v) to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person; or

(b) In respect of any third party entity, any information of any kind not known or readily ascertainable by proper means by others, which has economic value or gives competitive advantage to such third party entity.

7.18 Consumer Redress Funds

means money which an **Insured** is legally obligated to deposit into a fund for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Claim**.

7.19 Cyber Extortion Expenses

means

- (a) any **Money, Securities** or, the value of property or services the **Insured Organisation** pays, pursuant to a recommendation by an **Approved Provider**, at the direction and demand of any person committing or allegedly committing **Cyber Extortion Threat** or costs or expenses incurred by the **Insured** solely in, and directly from, the process of making or attempting to make such payment; or
- (b) reasonable costs, fees and expenses incurred by the **Insured Organisation**, and pursuant to a recommendation by an **Approved Provider**, to prevent or mitigate **Cyber Extortion Expenses**.

7.20 Cyber Extortion Threat

means any threat made to the **Insured Organisation** by an individual or organisation:

- (a) expressing an intention to:
 - (i) cause the **Insured Organisation** to transfer, pay or deliver any funds or property using a **Computer System** without the permission, authorisation, or, consent of the **Insured Organisation**;
 - (ii) sell or disclose information about a customer of the **Insured Organisation** which is unique to the relationship of the customer and the **Insured Organisation** and is not otherwise publicly available, provided such information is stored in an electronic medium in a **Computer System** and is retrievable in a perceivable form;
 - (iii) access, alter, or damage, any computer program, software or other electronic data that is stored within a **Computer System**;
 - (iv) maliciously or fraudulently introduce a **Computer Virus** into a **Computer System** when such threat is premised upon actual or alleged unauthorised access to a **Computer System**; or
 - (vi) initiate an intentional attack on a **Computer System** that depletes system resources or impedes system access

available through the internet to authorised external users of such **Computer System**,

provided that the threat is made for the purpose of demanding **Money, Securities**, property or services; or

(b) refusing to bring to an end any act set out in paragraph (a) above unless a demand for **Money, Securities**, property or services is met by the **Insured Organisation**.

7.21 Damage/Damaged

means loss, destruction of, corruption of, or damage.

7.22 Data Restoration Expenses

means reasonable costs incurred by the **Insured Organisation**, to restore, reproduce, or recover damaged or destroyed computer programs, software or other electronic data stored within a **Computer System**, or for which the **Insured Organisation** is legally liable, to the condition that existed immediately preceding a **Computer Breach**; provided that if it is determined by the **Insured Organisation** that such computer programs, software or other electronic data cannot reasonably be restored, replaced or reproduced, then **Data Restoration Expenses** means only the reasonable costs incurred by the **Insured Organisation**, to reach such determination.

Data Restoration Expenses do not include:

- (a) expenses incurred as a result of the reconstruction of computer programs, software or other electronic data which the **Insured Organisation** did not have a license to use;
- (b) expenses incurred to restore, replace or reproduce damaged or destroyed computer programs, software or other electronic data if such damage or destruction was caused by computer programs, software or other electronic data which the **Insured Organisation** did not have a licence to use;
- (c) expenses incurred to design, update, improve or perfect the operation or performance of computer programs, software or other electronic data; or
- (d) expenses incurred to redo the work product, research or analysis that was the basis of, or resulted in, any computer programs, software or other electronic data stored.

7.23 Defence Costs

means any reasonable legal or investigative costs, fees or, expenses, incurred by the **Insured** with the prior written and continuing consent of the **Insurer**, not to be unreasonably withheld or delayed, resulting from:

- (a) defending any proceedings relating to a **Claim**;
- (b) conducting any proceedings for indemnity, contribution, or recovery relating to a **Claim**; or
- (c) investigating, assessing, negotiating, adjusting, mediating, arbitrating, compromising, responding to, or otherwise settling any **Claim**.

Defence Costs does not include the remuneration of any **Insured Person**, any internal or overhead expenses of the **Insured**, or the cost of any **Insured's** time.

7.24 Discover/ Discovered / Discovery means the moment when any **Authorised Person**:

- (a) first becomes aware of facts that would cause a reasonable person to assume that a loss of the type covered by Section 1 Insuring Clauses or Section 2 Additional Benefits has been or will be incurred; or
- (b) First receives notice in which it is alleged that the **Insured Organisation** is liable to a third party under circumstances which, if true, would constitute a loss under Section 1 Cyber Liability Insuring Clauses or Section 2 Cyber Liability Additional Benefit.

7.25 Employee means any natural person who is:

- (a) acting under a contract of service or apprenticeship with the **Insured Organisation**; or
- (b) supplied to or seconded to, or hired by or borrowed by, the **Insured Organisation**, including students, trainees, locums, or other natural persons undertaking study or work experience, whilst employed or engaged by the **Insured Organisation**,

in connection with its business.

7.26 Financial Institution means any entity whose principal business activity is as a clearing bank, deposit/lending bank, building society, foreign exchange broker or trader, merchant bank, stockbroker, securities broker, commodity trader or broker, derivative trader or broker, hedge fund, venture capital fund, private equity fund, insurance broker, insurance company (general or life), financial advisor (including Independent Financial Advisors), asset management company, regulated investment trust, individual savings account, unit trust or other financial investment provider, credit provider, or currency exchange operation or any other similar entity.

7.27 First Party Insured Event means:

- (a) a **Computer Breach, Computer Fraud, Funds Transfer Fraud, Cyber Extortion Threat, Computer System Disruption, Privacy Breach, or Telecommunications Fraud**; or
- (b) with respect to Section 1. Insuring Clauses and Section 2. Additional Benefits, Privacy Breach Notification, Public Relations and Rewards, a **Wrongful Act**.

7.28 First Party Loss means:

- (a) **Public Relations Expenses**;
- (b) **Privacy Breach Notification Expenses**;
- (c) **Data Restoration Expenses**;
- (d) **Computer Fraud Loss, Computer System Expenses**;
- (e) **Funds Transfer Fraud Loss**;
- (f) **Cyber Extortion Expenses**;
- (g) **Business Interruption Loss**;
- (h) **Rewards Expenses**;
- (i) Telecommunications Fraud loss;
- (j) Attendance Compensation Costs; or,
- (k) **Regulatory Fines and Penalties**.

First Party Loss does not include criminal fines and penalties.

7.29 Funds Transfer Fraud

means an intentional, unauthorised and fraudulent instruction transmitted by electronic means to a **Financial Institution** directing such institution to debit an account and to transfer, pay or deliver **Money** or **Securities** from such account, which instruction purports to have been transmitted by the **Insured Organisation**, but was in fact transmitted by someone other than an **Employee** without the **Insured Organisation's** knowledge or consent.

7.30 Funds Transfer Fraud Loss means the **Insured Organisation's** direct loss of **Money** or **Securities** caused by **Funds Transfer Fraud**.

7.31 Income means the money paid or payable to the **Insured Organisation** for work done, goods sold and delivered or services rendered, in the course of the **Insured Organisation's** business.

7.32 Insured means any **Insured Organisation** and any **Insured Person**.

7.33 Insured Organisation means the policyholder, and any **Subsidiary**.

7.34 Insured Person

means any natural person who was, is, or becomes a member of the board of directors, board of trustees, board of managers, board of governors, officer, Data Protection Officer, **Employee**, partner, member of an LLP or functional equivalent executive of the **Insured Organisation** in their capacity as such.

7.35 Insurer

means Travelers Insurance Company Ltd.

7.36 IT Provider

means any provider that the **Insured Organisation** does not own, operate or control that provides information technology services for the **Insured Organisation** pursuant to a written contract, including web hosting, software, platform and infrastructure as a service, electronic data storage or backup services.

7.37 Limit of Indemnity

means in respect of the Section 1 Insuring Clauses the amount shown in the Schedule being the maximum amount (including **Defence Costs**) the **Insurer** shall pay in respect of any single request for indemnity by the **Insured** or in the aggregate during the **Period of Insurance**.

7.38 Loss

means:

- (a) **Defence Costs**;
- (b) Damages (including punitive, exemplary, or multiple damages), as a result of a judgment or award made by a competent court or tribunal, or a settlement;
- (c) **Payment Card Contract Penalties**; or
- (d) only in respect of Section 1 Insuring Clause 1.3 Regulatory Proceedings, **Consumer Redress Funds**.

Loss does not include:

- (i) taxes;
- (ii) cost of complying with any order for, grant of, or agreement to provide, injunctive or non-monetary relief; or
- (iii) liquidated damages.

7.39 Media Wrongful Act

means any actual or alleged:

- (a) unintentional infringement of copyright, title, slogan, trademark, trade dress, service mark, domain name, logo or service name;
- (b) invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness; or
- (c) unintentional defamation, trade libel, or tort of injurious falsehood,

in any content, displayed or disseminated via any electronic means by the **Insured Organisation** including websites and electronic mail by, or asserted against, an **Insured Person**, in his or her capacity as such, or the **Insured Organisation**.

7.40 Merchant Service Agreement

means a contract between the **Insured Organisation** and an acquiring bank or other acquiring institution that establishes the terms and conditions for accepting and processing **Payment Card** transactions.

7.41 Money

means an authorised medium of exchange in current use, including currency, coins, bank notes, bullion, travellers' cheques, and banker's draft.

Money also means a digital or electronic medium of exchange that is used and accepted as a means of payment, but that is not issued by, or guaranteed by, a central bank, government, or public authority. Payment of any virtual currency shall be made by the **Insurer** in the Pound Sterling equivalent thereof determined at the rate of exchange at the time of the **Discovery** of the **Loss**.

7.42 Network

means:

- (a) any and all services provided by or through the facilities of any electronic or computer communication system, and
- (b) automated teller machines, point of sale terminals, and other similar operating systems,

including any shared networks, internet access facilities, or other similar facilities for such systems in which the **Insured Organisation** participates, allowing the input, output, examination or transfer of data or programs from one computer to a **Computer System**.

7.43 Other Property

means any tangible property other than **Money** and **Securities** that has intrinsic value.

7.44 Outsource Provider

means any provider the **Insured** does not own, operate or control, which performs services, other than information technology services, for the **Insured Organisation** pursuant to a written contract and that are necessary for the **Insured Organisation** to conduct business operations.

7.45 Payment Card

means a credit card, debit card or charge card issued by a financial institution.

7.46 Payment Card Expenses

means any of the following reasonable fees and costs:

- (a) **Payment Card Contract Penalties**; or
- (b) **Chargebacks**.

Payment Card Expenses do not include, **Privacy Breach Notification Expenses**.

7.47 Payment Card Contract Penalties

means fines, penalties, or assessments, imposed against the **Insured Organisation** by an acquiring bank or other acquiring institution under a **Merchant Service Agreement** after a **Privacy Breach**, because of the **Insured Organisation's** non-compliance with **Payment Card Security Standards**.

7.48 Payment Card Security Standards

means:

- (a) the most current edition of security standards contained in:
 - (i) The Payment Card Industry Data Security Standards program (PCI DSS);
 - (ii) Visa's Cardholder Information Security Program (CISP);
 - (iii) MasterCard's Site Data Protection Program (SDP);
 - (iv) American Express's Data Security Operating Policy; or
- (b) Other security standards similar to those described above in this definition that the **Insured Organisation** has agreed to in a **Merchant Service Agreement** with a financial institution,

that apply to the **Insured Organisation**.

7.49 Period of Insurance

means the period stated in the Schedule.

7.50 Pollutant

means 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.

7.51 Privacy and Security Wrongful Act.

means:

- (a) failure to prevent a **Privacy Breach**; ,
- (b) failure to prevent the transmission of a **Computer Virus** through a **Computer System** into a computernetwork, any application software, or a computer operating system or related network, that is not rented, owned, leased by, licensed to, or under the direct operational control of, the **Insured Organisation**;
- (c) failure to provide any authorised user of the **Insured Organisation's** website or

Computer System with access to such website or **Computer System**;

- (d) failure to provide notification of any actual or potential unauthorised access to, or use of, data containing private or confidential information of others if such notification is required by any **Privacy Breach Notification Law**; or
- (e) failure to comply with any data protection law in connection with the **Privacy Policy**,

by, or asserted against, an **Insured Person**, in his or her capacity as such, or the **Insured Organisation**.

7.52 Privacy Breach

means unauthorised access to, or acquisition of, **Confidential Data** owned, licensed, maintained or stored by the **Insured Organisation**.

7.53 Privacy Breach Notification Expenses

means:

- (a) reasonable fees, costs or expenses incurred by the **Insured Organisation**, which can be directly attributed to a **Privacy Breach**, for services recommended and provided by an **Approved Provider**::
 - (i) fees, costs or expenses, including computer forensic expenses and legal services expenses to determine:
 - (1) the persons whose **Confidential Data** was accessed or acquired without their consent; or
 - (2) the cause of the **Privacy Breach**,

provided that such fees, cost or expenses do not include **Defence Costs**:

- (ii) fees, costs or expenses to develop documents or materials to notify the persons or whose **Confidential Data** was accessed or acquired without their consent, whether such notification is provided on a voluntary basis, is required to comply with any **Privacy Breach Notification Law** or assumed under a written contract or agreement;
- (iii) costs of mailings or other communications required to notify the persons whose **Confidential Data** was accessed or acquired without their consent;
- (iv) costs of providing credit or identity monitoring services for up to 24 calendar months, or longer where required by law, to persons whose **Confidential Data** was accessed or acquired without their consent, starting with the date that the **Insured Organisation** first notified such persons of the **Privacy Breach**;

- (v) costs of establishing and maintaining a call center to be used by persons whose **Confidential Data** was accessed or acquired without their consent; or
 - (vi) any other fees, costs, or expenses necessary to comply with any **Privacy Breach Notification Law** that applies to the **Insured Organisation**.
- (b) fees, costs or expenses associated with the purchase of an identity fraud insurance policy specifically designed to provide reimbursement of identity fraud related expenses, or similar coverage if such similar coverage is available as part of credit monitoring services, to benefit persons whose **Confidential Data** was accessed or acquired without their consent; or
- (c) **Regulatory Fines and Penalties.**

Privacy Breach Notification Expenses do not include:

- (1) remuneration paid to **Employees**;
- (2) fees, costs or expenses of outside consultants, other than the **Approved Provider**, retained by the **Insured Organisation**, unless the **Insurer** agrees in writing to reimburse the **Insured Organisation** for such fees, costs or expenses;
- (3) fines, penalties (except where covered under paragraph (c) above), imposed by law or that any **Insured** has agreed to pay for any reason; or
- (4) gratis amounts that any **Insured** voluntarily agrees to pay to any person whose **Confidential Data** was accessed or acquired without their consent.

7.54 Privacy Breach Notification Law means any law or regulation that requires an organisation to notify persons that their personal information was or may have been accessed or acquired without their consent.

7.55 Privacy Policy means any publicly available written document that sets forth the **Insured Organisation's** policies, standards, or procedures for the collection, use and disclosure of **Personal Information**.

7.56 Public Relations Expenses means reasonable fees, costs, and expenses incurred and paid by the **Insured Organisation**, for public relations services recommended and provided by an **Approved Provider** to the **Insured Organisation** to mitigate any actual or potential negative publicity resulting from any **Privacy and Security Wrongful Act**.

7.57 Rate of Net Income means:

- (a) the rate of **Net Income** earned on the **Income** during the financial year immediately before the date of the **Computer System Disruption**.
- (b) for the purpose of any loss arising from **Computer System Disruption** occurring before the completion of the first year's trading of the **Insured Organisation's** business, **Rate of Net Income** means the rate of **Net Income** earned on the income during the period between the commencement of the **Insured Organisation's** business and the date of the **Computer System Disruption**.

The following definition is applicable to the **Rate of Net Income** definition only:

Net Income means the amount by which the sum of the **Income** and, the amounts of the closing stock and work in progress shall exceed the sum of the amounts of the opening stock and work in progress and the amount of any delivery costs, bad debts, purchases less discounts received and discounts allowed on sales.

7.58 Regulatory Claim means any **Claim**, brought by, or on behalf of, any regulatory body, parliamentary commission, or any other local, or foreign governmental entity in such entity's regulatory or official capacity.

7.59 Regulatory Fines and Penalties means civil fines or civil monetary penalties imposed for a breach of any data protection law by a government agency, or governmental licensing or regulatory organisation, pursuant to an order resulting from a **Regulatory Claim**, but only to the extent they are insurable; provided, that **Regulatory Fines and Penalties** do not include fines or penalties imposed by any private or industry association regulatory organisation.

7.60 Rewards Expenses means the reward paid for information that directly leads to the conviction of any person for committing or attempting to commit any illegal act related to the cover provided under Section 1 Insuring Clauses or section 2 Additional Benefits Payment Card Expenses, Computer Fraud, Fund Transfer Fraud, Telecommunications Fraud, Damage to Computer System, Unspecified Suppliers - IT Provider or, Unspecified Suppliers - Outsource Provider. The following parties are not eligible for this reward:

- (a) **Insured Persons**; or
- (b) co-venturers of the **Insured** if the **Insured** is a joint venture.

Any reward will be handled and administered by the appropriate police authority or other prosecuting authorities with jurisdiction over the matter.

7.61 Securities

means:

- (a) written negotiable and non-negotiable instruments or contracts representing **Money** or **Other Property**; or
- (b) uncertificated securities,

but, **Securities** does not include **Money**.

7.62 Single First Party Insured Event

means:

- (a) an individual **First Party Insured Event**; or
- (b) multiple **First Party Insured Events**, that have as a common nexus, or are causally connected by reason of, any fact, circumstance, situation, event or decision.

A **Single First Party Insured Event** will be deemed to have occurred at the time the first of such **First Party Insured Events** occurred whether prior to or during the **Policy Period**.

7.63 Standard Income

means the **Income** during the twelve months immediately before the date of the **Computer System Disruption** which corresponds with the **indemnity period**. However, for the purpose of any **Computer System Disruption** occurring before the completion of the first year's trading of the **Insured's** business, **Standard Income** means the proportional equivalent for a period equal to the **Business Interruption Indemnity Period** of the **Income** during the period between the commencement of the **Insured's** business and the date of the **Computer System Disruption**.

7.64 Subsidiary

means any entity in which the **Insured Organisation** directly or indirectly holds:

- (a) more than 50% of the issued share capital;
- (b) a majority of the voting rights; or
- (c) the right to appoint or remove a majority of the board of directors.

7.65 Wrongful Act

means any **Privacy and Security Wrongful Act** or **Media Wrongful Act**.

Section 8 - Important Information

Please read this Policy carefully to ensure that it is in accordance with your requirements and that you understand its terms, exclusions and conditions. Please contact us immediately if any corrections are necessary.

Any enquiries you may have regarding your Policy may be addressed either to the insurance broker who arranged the Policy for you or directly to us.

Contact Details for Notification of Claims, Circumstances and Requests for Indemnity

If you wish to make a claim, please contact the insurance broker who arranged the policy or contact us quoting your policy number. Please also refer to our on-line guidance on how to make a claim which can be found at travelers.co.uk.

Travelers Insurance Company Limited
Bond and Specialty Claims
23-27 Alie Street, London, E1 8DS.

Email: reportclaim@travelers.com

Tel 0800 587 8388
Fax 020 3116 2139

COMPLAINTS PROCEDURE

Our promise to you

- We will acknowledge complaints promptly
- We will investigate quickly and thoroughly
- We will keep you informed of progress
- We will do everything to resolve your complaint fairly
- We will learn from our mistakes and use your feedback continually to improve our service

What to do if you have a complaint

If you have a complaint, please contact us on 0203 207 6000, or email us at CustomerRelations@travelers.com.

For full information on your rights and how we will handle your complaint, please see our website here:

www.travelers.co.uk/documents/ComplaintsProcedure.pdf

USING PERSONAL INFORMATION

How we treat information about you and your rights under data protection legislation

In order to provide our insurance services, we (Travelers Insurance Company Limited acting as a Data Controller) will collect certain personal information about you. The type of information that we collect will depend on our relationship with you. For example, you may be a Travelers policyholder, prospective policyholder or a third party making a claim under a Travelers insurance policy.

If you provide us with personal information about a third party, you should share this notice with them.

We will also collect different types of information depending upon the kind of insurance cover we are being asked to

provide or the kind of claim we are being asked to assess or pay.

Some of the information we collect may be classified as 'special category data', which is data that may contain information about physical or mental health, religious beliefs and criminal and disciplinary offences (including convictions).

Your personal information may be used in a number of ways including:

- considering an application for insurance,
- providing and administering an insurance policy,
- handling claims including claims validation,
- preventing and detecting fraud, including providing information to the relevant authorities.

Where relevant, we will share your information with other companies in the Travelers group, third parties such as claims handlers, loss adjusters, other insurers and reinsurers, fraud prevention agencies, service companies associated with our products, or as required by law (including providing the information to government or regulatory authorities). This may involve the transfer of your information to countries inside and outside the European Economic Area.

If your policy includes motor cover, your policy details will be added to the Motor Insurance Database (MID), run by the Motor Insurers Information Centre (MIIC).

We may also use your personal information for marketing purposes, but only in accordance with your marketing preferences.

For more information about how we process your data and the rights you have, please click

www.travelers.co.uk/main/privacy-policy.aspx

SAMPLE