

Form #CYBER-100 (Rev. November 1, 2018)
Cyber Liability – Claims Made and Reported

PLEASE READ CAREFULLY - THIS IS A CLAIMS-MADE AND REPORTED POLICY WITH ALL DEFENCE COSTS INCLUDED WITHIN THE LIMIT OF LIABILITY. PLEASE REFER TO THE CONDITIONS AND EXCLUSIONS CONTAINED IN THIS CONTRACT.

Key words and phrases which appear in bold type have special meanings. Refer to **SECTION 2 DEFINITIONS**.

SECTION I - INSURING AGREEMENTS

In consideration of the payment of the premium, in reliance upon the statements made in the **Proposal**, for this insurance which are made a part hereof, the Insurer agrees to provide insurance as follows:

1. LIABILITY COVERAGES

A. E-MEDIA LIABILITY

The Insurer will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages**, and **Defence Costs**, resulting from any **Claim** first made against the **Insured** during the **Policy Period** and reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period** or **Discovery Period** alleging an **E-Media Wrongful Act** to which this insurance applies.

B. NETWORK SECURITY AND PRIVACY BREACH LIABILITY

The Insurer will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages**, and **Defence Costs**, resulting from any **Claim** first made against the **Insured** during the **Policy Period** and reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period** or **Discovery Period** alleging a **Network Security Wrongful Act** or a **Privacy Breach Wrongful Act**, by or on behalf of the **Insured** for which this insurance applies.

2. EXPENSE COVERAGES

C. PRIVACY BREACH EXPENSES

The Insurer will reimburse the **Insured** for **Privacy Breach Expenses** resulting from a **Privacy Breach Wrongful Act** that first occurs during the **Policy Period** and is reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period**, provided the **Privacy Breach Expenses** incurred within one (1) year of the expiration of the **Policy Period**.

D. PRIVACY REGULATORY DEFENCE AND PENALTIES

The Insurer will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay, and **Defence Costs**, as a result of any **Regulatory Proceeding**, including any compensatory award, penalty or fines, to the extent insurable by law, awarded or imposed against the **Insured** in the **Regulatory Proceeding**, first made against the **Insured** during the **Policy Period** and reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period** or **Discovery Period** in respect of an actual or alleged **Network Security Wrongful Act** or **Privacy Breach Wrongful Act**.

3. FIRST PARTY COVERAGES

E. BUSINESS INTERRUPTION LOSS

The Insurer will reimburse the **Insured** for **Business Interruption Loss** subject to the **Waiting Period** set forth in the **Declarations Page**, the **Insured** incurs during the **Period of Restoration** directly resulting from a **Network Outage** that first occurs during the **Policy Period** and is reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period**. The **Failure of Security** causing the **Network Outage** and the **Business Interruption Loss** must each first occur during the **Policy Period**.

Extension of Coverage:

(a) Reputational Damage

The Insurer shall indemnify **Insured** for **Reputational Damage** incurred during the **Restoration Period** that exceeds **deductible** as stated on the **Declarations** arising directly from a **network outage** sustained by the **Insured** and notified by the **Insured** to us in writing, in accordance within section IV of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such **network outage** occurred on or after the **retroactive date**. The total liability of the Insurer for which this coverage applies shall be \$5,000 per **Claim**, subject to an aggregate limit of \$5,000. The amount is part of and not in addition to the Policy Aggregate Limit. The **Waiting Period** and deductible stated on the **Declarations Page** will apply.

F. DIGITAL ASSET LOSS

The Insurer will reimburse the **Insured** for **Digital Asset Loss** the **Insured** sustains that first occurs during the **Policy Period** and is reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period**. The **Digital Asset Loss** must result from a **Failure of Security** of the **Insured's Computer System** or of a **Computer System** maintained or operated by a **Third Party** on behalf of the **Insured**, that first occurs during the **Policy Period**.

G. CYBER EXTORTION THREAT

The Insurer will reimburse the **Insured** for **Extortion Expense** and **Extortion Monies** resulting directly from any **Credible Threat** or series of **Credible Threats** that includes a demand for **Extortion Monies** that first occurs during the **Policy Period** and is reported to the Insurer during the **Policy Period** or any applicable **Extended Reporting Period**.

Extortion Expense and **Extortion Monies** will not be paid without a recommendation by law enforcement, prior consultation with the Insurer and express written consent of the Insurer.

Extension of Coverage:

(a) Social Engineering Fraud

The Insurer shall indemnify any phishing, vishing or other social engineering attack against an **employee** or a executive officer that results in the inadvertent transfer of the **Insured's** funds to an unintended **third party**. The total liability of the Insurer for which this coverage applies shall be \$5,000 per **Claim**, subject to an aggregate limit of \$5,000. The amount is part of and not in addition to the Policy Aggregate Limit. The deductible stated on the **Declarations Page** will apply.

H. PAYMENT CARD VIOLATION

The insurer will reimburse the **Insured** for fines or penalties arising from the failure of the **Insured** to comply with or follow a Payment Card Industry Standard due to a **Failure of Security**. The total liability of the Insurer for which this coverage applies shall be \$25,000 per **Claim**, subject to an aggregate limit of \$50,000. The amount is part of and not in addition to the Policy Aggregate Limit. The deductible stated on the **Declarations Page** will apply.

4. DEFENCE AND SETTLEMENT

With respect to any **Claim** covered under SECTION I, Item 1. – LIABILITY COVERAGES or SECTION I, Item 2. D. – PRIVACY REGULATORY DEFENCE AND PENALTIES, the Insurer shall have the right and duty to:

- (a) Defend any legal proceedings or arbitration proceedings against the **Insured** seeking **Damages** payable under the terms of this Policy, and defend any **Regulatory Proceedings** against the **Insured**, even if any of the allegations of the suit are groundless, false or fraudulent;
- (b) Investigate and negotiate the settlement of any **Claim** or suit as it deems expedient.

The Insurer shall not settle any **Claim** without the consent of the **Insured**. If, however, the **Insured** shall refuse to consent to any settlement recommended by the Insurer and shall elect to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Insurer's liability for the **Claim** shall not exceed the amount for which the **Claim** could have been so settled with the **Insured's** consent up to the date of such refusal.

Amounts payable will be part of and not in addition to the Limit of Liability applicable to each **Claim**.

5. SUPPLEMENTARY PAYMENTS

With respect to any **Claim** covered under SECTION I, Item 1. – LIABILITY COVERAGES, the Insurer shall pay or reimburse:

- (a) All premiums on bonds to release attachments for an amount not in excess of the Limit of Liability shown in the **Declarations Page**;
- (b) All premiums on appeal bonds required in any defended suit, but without any obligation to apply for or furnish such bonds;
- (c) All costs taxed against the **Insured** in any civil action defended by the Insurer and any interest accruing after entry of judgment upon that part of the judgment which is within the Limit of Liability.

Amounts payable will be part of and not in addition to the Limit of Liability applicable to each **Claim**.

6. LIMIT OF LIABILITY

(a) Combined Policy Aggregate Limit:

The Policy Aggregate Limit stated in the **Declarations Page** is the most the Insurer will pay as **Damages** for all **Claims** first made against any **Insureds** during the **Policy Period**, and the most the Insurer will pay for all **Expenses and Losses** first occurring during the **Policy Period**, regardless of the number of **Insureds** or the number of claimants.

(b) Liability Coverage – Limit of Liability:

The Limit of Liability for each Liability Insuring Agreement stated in the **Declarations Page** is the most the Insurer will pay under such Insuring Agreement as **Damages** and **Defence Costs** for all **Claims** made against any **Insured** during the **Policy Period**, regardless of the number of **Insureds** or the number of claimants. The Limit of Liability will be part of and not in addition to the Policy Aggregate Limit.

(c) Expense Coverage: Limit of Insurance

The sub-limits of Insurance for SECTION I, Item 2. C. – PRIVACY BREACH EXPENSES and for SECTION I, ITEM 2. D. – PRIVACY REGULATORY DEFENCE AND PENALTIES stated in the **Declarations Page** is the maximum aggregate amount the Insurer will pay for **Expenses and Losses** under such Insuring Agreements. These sub-limits will be part of and not in addition to the Limit of Liability for SECTION I, Item 1. B. – NETWORK SECURITY AND PRIVACY BREACH LIABILITY. The sub-limits of insurance for SECTION I, Item 2. C. – PRIVACY BREACH EXPENSES and for SECTION I, Item 2. D. – PRIVACY REGULATORY DEFENCE AND PENALTIES will be part of and not in addition to the Policy Aggregate Limit.

(d) First Party Coverage: Limit of Insurance

The Limit of Insurance for each First Party Coverage stated in the **Declarations Page** will be the maximum aggregate amount that the Insurer will pay for **Expenses and Losses** under such Insuring Agreements. The Limit of Insurance will be part of and not in addition to the Limit of Liability for SECTION I, Item 1. B. – NETWORK SECURITY AND PRIVACY BREACH LIABILITY.

(e) Interrelated Claims, Expenses and Losses:

One or more **Claims** arising out of the same or related **Wrongful Acts** or **Interrelated Wrongful Acts** will be considered a single **Claim**, first reported in the **Policy Period** in which the earliest **Claim** was reported and subject to that single Limit of Liability.

In the event one or more Insuring Agreements apply to the same or related **Wrongful Acts** or **Interrelated Wrongful Acts**, all **Claims**, **Damages** and **Expenses and Losses** arising from such **Wrongful Acts** or **Interrelated Wrongful Acts** will be considered one and the same **Claim** or event, first reported in the **Policy Period** in which the earliest of the **Claims** or events giving rise to **Expenses and Losses** was reported, and subject to a single Limit of Liability. The single highest Deductible amount otherwise applicable in respect of each insuring agreement will be deemed the Deductible amount applicable to all **Damages** payable, and all **Expenses and Losses** incurred or sustained by the **Insured** in respect of such **Wrongful Acts** or **Interrelated Wrongful Acts**.

7. DEDUCTIBLE

The Deductible stated in the **Declarations Page** will apply to **Damages** for each **Claim** under SECTION I, Item 1. – LIABILITY COVERAGES and SECTION I, Item 2. – EXPENSES COVERAGES and to all **Expenses and Losses** incurred or sustained by the **Insured** under SECTION I, Item 2.- EXPENSES COVERAGES and SECTION I, Item 3 – FIRST PARTY COVERAGES, and the Insurer will only be responsible in excess of this amount. The full Limit of Liability will apply over the Deductible.

The Deductible will not apply to SECTION I, Item 4. – DEFENCE AND SETTLEMENT and SECTION I, Item 5. – SUPPLEMENTARY PAYMENTS.

8. WHO IS AN INSURED

All of the following are included as an **Insured** under the policy:

- (a) The **Named Insured**;
- (b) Any subsidiary of the **Named Insured** but only with respect to **Wrongful Acts**, **Digital Assets Loss**, **Business Interruption Loss**, or **Credible Threat** taking place while a subsidiary;
- (c) If the **Named Insured** is:
 - (i) An individual, **Insured** includes the **Named Insured's** spouse, but only with respect to the conduct of a business of which the **Named Insured** is the sole owner;
 - (ii) A partnership, joint venture, limited liability partnership or limited liability company, **Insured** includes the **Named Insured's** members, partners, principals, stockholders or owners thereof and their spouses, but only with respect to the conduct of the **Named Insured's** partnership, joint venture, limited liability partnership or limited liability company business and only while acting in their capacity as such;
 - (iii) A business corporation, **Insured** includes:
 - (1) The **Named Insured's** present or past **Employees** but only with respect to the conduct of the **Named Insured's** business corporation and only while acting within the scope of their duties as such;

- (2) The **Named Insured's** present or past officers and directors (whether elected, appointed, or de facto) but only with respect to the conduct of the **Named Insured's** business corporation and only while acting within the scope of their duties as such; and
- (3) The **Named Insured's** shareholders but only with respect to their liability as shareholders;
- (d) In the event of the death, incompetence, insolvency or bankruptcy of any **Insured**, the **Insured** includes the estate or appointed legal representative of the **Insured** but only while acting within the scope of their duties as such; and
- (e) Any entity that the **Named Insured** acquires or forms and which the **Named Insured** either owns or maintains a fifty-one percent (51%) or more controlling interest, provided that:
 - (i) There is no other insurance available to that entity;
 - (ii) The **Named Insured** advised the Insurer within ninety (90) days of the acquisition or formation of such entity and provides the Insurer with reasonable information as it deems necessary to evaluate any material change to the risk;
 - (iii) The **Named Insured** agrees to pay any additional premium requested by the Insurer; and
 - (iv) The **Wrongful Acts, Digital Assets Loss, Business Interruption Loss, or Credible Threat** takes place after the effective date of acquisition or formation.

9. TERRITORY & RETROACTIVE DATE

This Policy applies to all **Claims, Expenses and Losses** arising out of **Wrongful Acts** which occur:

- (a) Within the **Coverage Territory**; and
- (b) After the Retroactive Date shown on the **Declarations Page** and before the expiration of the **Policy Period**.

Provided always that all **Claims** are first made against the **Insured** and all **Expenses and Losses** first occur during the **Policy Period**, and notice is given to the Insurer in accordance with SECTION IV, Condition 12.

10. AUTOMATIC EXTENDED REPORTING PERIOD

This Policy shall provide the **Insured** an automatic extended reporting period of sixty (60) days, without additional charge, following the termination of this Policy, for the reporting of any **Claim, Expenses or Losses** but only with respect to any **Wrongful Acts** committed after the Retroactive Date and prior to such termination date. This automatic extended sixty (60) day reporting period will not apply if the Policy is cancelled because of non-payment of the premium by the **Insured** or if replacement coverage is obtained from the Insurer. It is further understood and agreed that this automatic extension shall not apply with respect to knowledge by the **Insured** of any fact or circumstance which could reasonably be expected to give rise to any verbal or written demand against the **Insured** for monetary **damages**.

11. DISCOVERY PERIOD

If the Insurer or the **Named Insured** shall cancel or refuse to renew this Policy and provided that the premium has been fully paid, the **Insured** shall have the right, upon payment of an additional premium, to an extension of the coverage granted by this Policy in respect of any **Claim**, made against the **Insured** during one (1), three (3) or six (6) years after the termination of the Policy, but only with respect to any **Wrongful Acts** committed after the Retroactive Date and prior to such termination date. Such period of time is hereinafter referred to as the **Discovery Period**. The additional premium to be charged will be determined upon request pursuant to this extension and will remain at the discretion of the Insurer, however, such additional premium shall not exceed:

- (a) For a one (1) year **Discovery Period**, 100% of the previous annual premium;
- (b) For a three (3) year **Discovery Period**, 150% of the previous annual premium; or
- (c) For a six (6) year **Discovery Period**, 300% of the previous annual premium.

This right of extension shall cease unless written notice to extend is given to the Insurer within sixty (60) days after the termination date, together with full payment of the premium for this extension. The **Discovery Period** will be part of the immediately preceding **Policy Period** and subject to the same single aggregate Limit of Liability applicable to such **Policy Period**, including the **Discovery Period**.

The additional premium for the **Discovery Period** shall be fully earned at the inception of the **Discovery Period**. The **Discovery Period**, once affected, is not cancellable.

SECTION II - DEFINITIONS

As used in this Policy, the following words or expressions shall mean:

1. **Advertising**: a notice that is broadcast or published to the general public or specific market segments about the **Insured's** goods, products or services for the purpose of attracting customers or supporters.
2. **BPO Service Provider**: any **Third Party** independent contractor that provides business process outsourcing services for the **Insured's** benefit under a written contract with the **Insured**, including but not limited to; call center services, fulfilment services, and logistical support.
3. **Business Interruption Loss**: the sum of Actual Loss, and Extra Expense resulting directly from a **Network Outage**. The **Business Interruption Loss** will be calculated based on the actual **Business Interruption Loss** the **Insured** sustains per hour during the **Period of Restoration**. If an **Insured** could reduce the Actual Loss or Extra Expense resulting from a **Network Outage** by complete or partial resumption of operations, such reductions will be taken into account in arriving at Actual Loss or Extra Expense.
Solely with respect to coverage afforded under SECTION I, Item 3. E. – BUSINESS INTERRUPTION LOSS:
 - (a) Actual Loss is:
 - (i) Net Sales less the cost of sales expenses the **Insured** would have earned or incurred had there been no **Network Outage**; and
 - (ii) Continuing normal operating expenses incurred by the **Insured**, including ordinary payroll expenses, provided such operating expenses must continue during the **Network Outage** and only to the extent that such expenses would have been incurred by the **Insured** had no **Network Outage** occurred.
 - (b) Extra Expense as necessary or reasonable expenses incurred by the **Insured** directly as a result of a **Network Outage**, but only to the extent such expense reduces Actual Loss.
 - (c) Period of Restoration is the period of time that:
 - (i) Begins with the date and time that the **Network Outage** first occurs; and
 - (ii) Ends with the earliest of:
 - (1) The date and time that the **Network Outage** ends, or would have ended, if the **Insured** had exercised due diligence and dispatch; or
 - (2) 30 days after the date and time that the **Network Outage** first occurred.
 - (d) **Business Interruption Loss** does not include:
 - (i) Contractual penalties of any nature;
 - (ii) Cost or expenses incurred to identify or remediate **Computer System** errors or vulnerabilities;
 - (iii) Cost or expenses incurred to update, restore, replace or otherwise improve any **Computer System** to the level of functionality beyond that which existed prior to the loss event;
 - (iv) Any other consequential loss or damage;
 - (v) Legal costs or legal expenses of any nature; and

- (vi) **Damages** arising out of liability to any **Third Party** for whatever reason.
4. **Claim:**
- (a) Any verbal or written demand for monetary or non-monetary relief against the **Insured** for **Wrongful Acts**;
 - (b) A civil or arbitration proceeding commenced by the issuance of notice of action, statement of claim, writ of summons, complaint or similar originating notice of claim;
 - (c) For the purpose of SECTION I, Item 2. D., a **Regulatory Proceeding**;
- Claim** does not include criminal proceedings.
5. **Computer System:** computer hardware, software, firmware, and components thereof, including electronic data stored thereon, which are linked together through a network or two or more computers, including such networks accessible through the **Internet**, intranets, extranets or virtual private networks.
6. **Confidential Corporate Information:** confidential information held by the **Insured** on behalf of a **Third Party** entity, which the **Insured** has agreed to keep confidential pursuant to a confidentiality or non-disclosure agreement.
7. **Content:** audio, visual, digital or informational material that is disseminated electronically.
8. **Coverage Territory:** anywhere in the world.
9. **Credible Threat(s):** threat(s) to:
- (a) Release, divulge, disseminate, destroy or use the **Insured's Digital Assets** acquired by **Unauthorized Access** or **Unauthorized Use** of the **Insured's Computer System**;
 - (b) Introduce **Malicious Code** into the **Computer System** of the **Insured**;
 - (c) Transmit **Malicious Code** from the **Insured's Computer System** to corrupt, damage or destroy the **Computer System** of a **Third Party**;
 - (d) Corrupt, damage or destroy the **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**;
 - (e) Electronically communicate with the **Insured's** customers and falsely claim to represent the **Insured** or acting under the **Insured's** direction in order to falsely obtain **Protected Personal Information** of the **Insured's** customers;
 - (f) Restrict or hinder access to the **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, including the threat of criminal or malicious **Denial of Service**; or
 - (g) Encrypt, lock down, or otherwise render the **Insured's** data unreadable and/or unusable.
- Such threat(s) shall not constitute **Credible Threat(s)** unless prior to surrendering property or other consideration as payment by or on the behalf of the **Insured**:
- (a) The **Insured** conducts a reasonable investigation and reasonably determines that such threat is technologically credible;
 - (b) The **Insured** must report such **Credible Threat(s)**, at the Insurer's request, to the RCMP, FBI, CIRCC, CERT, ISAC or any other central reporting or investigative organization that the Insurer may designate; and
 - (c) Law enforcement engaged in the investigation deems it to be a credible threat.
10. **Damages:** compensatory damages, including aggravated damages, in a monetary judgment, award or settlement, arising from a **Claim** including:
- (a) Costs awarded against the **Insured** in respect of any judgment or appeal;
 - (b) Punitive or exemplary damages to the extent that such damages are insurable under the law most favourable to the insurability of such damages of any jurisdiction which has a substantial relationship to the **Insured**, the Insurer, this Policy or the **Claim**; and
 - (c) Pre- and post – judgment interest on any award or settlement of **Damages** arising from paragraphs (a) or (b) above.
- Damages** shall not include:
- (i) Taxes, fines, penalties or sanctions, except for regulatory penalties arising in a **Regulatory Proceeding** under SECTION I, Item 2. D. – **PRIVACY REGULATORY DEFENCE AND PENALTIES**;
 - (ii) Future profits, future royalties, costs of licensing, or other costs of obtaining future use;
 - (iii) Restitution or disgorgement by any **Insured**;
 - (iv) The cost of correcting, or re-performing any services provided by the **Insured**;
 - (v) Discounts, coupons, refunds or other incentives offered to the **Insured's** customers or clients;
 - (vi) Monetary judgments, awards or settlements that are uninsurable under the law pursuant to which this Policy is construed;
 - (vii) The return of fees or other compensation paid to the **Insured**;
 - (viii) The multiple portion of a multiplied damage award;
 - (ix) Assessments, fines, penalties, or other cost recovery mechanisms of payment card companies including but not limited to counterfeit card recovery costs, operating expense recovery costs, and assessments and/or disqualification for noncompliance;
 - (x) **Defence Costs**;
 - (xi) **Digital Assets**;
 - (xii) **Business Interruption Loss**;
 - (xiii) **Extortion Expense**;
 - (xiv) **Extortion Monies**; and
 - (xv) **Privacy Breach Expense**.
11. **Defence Costs:** reasonable and necessary legal, investigation and adjusting expenses incurred by the **Insured** with the consent of the Insurer or incurred by the Insurer on behalf of the **Insured**:
- (a) Solely for the defence of a **Claim** against the **Insured** seeking **Damages** payable under this Policy, including lawyer's fees and disbursements; and
 - (b) For the legal representation of the **Insured** in respect of any **Regulatory Proceeding**.
- Defence Costs** do not include **Privacy Breach Expenses**, or any salary, overhead, or other charges incurred by the **Insured** for any time spent in cooperating with the defence of any **Regulatory Proceeding**.
12. **Denial of Service:** an attack launched by a person or persons that sends an excessive volume of electronic data to a **Computer System** in order to deplete such **Computer System's** capacity, and prevents those who are authorized to do so from gaining access to such **Computer System** in a manner in which they are legally entitled, provided such depletion of capacity is not caused by a mistake in determining capacity needs.
13. **Digital Assets:**
- (a) Software or electronic data, customer lists and information, financial, credit card or competitive information, and confidential or private information, stored electronically on any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, which is subject to regular back-up procedures; or
 - (b) Capacity of any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, including without limitation, memory, bandwidth, or processor time, use of communication facilities and any other computer-connected equipment.
14. **Digital Asset Loss:**
- (a) The actual and necessary costs incurred by the **Insured** to restore its **Digital Assets** that have been altered, corrupted, destroyed, disrupted, deleted or damaged;
 - (b) The actual cost borne by the **Insured** to **Recollect** such **Digital Assets** in the event the **Insured** is unable to **Restore** such **Digital Assets**, but is able to **Recollect** such **Digital Assets**;
 - (c) In the event the **Insured** is not able to **Restore** or **Recollect** such **Digital Assets**, the **Digital Asset Loss** will mean only the actual costs incurred by the **Insured** to reach this determination.
- Digital Asset Loss** does not include and coverage will not be afforded for:
- (i) Loss arising out of any liability to **Third Parties** for whatever reason;
 - (ii) Costs and expenses incurred by the **Insured** to update, upgrade, enhance or replace the **Insured's Digital Assets**;

- (iii) Legal costs or legal expenses;
- (iv) Loss arising out of any physical damage to or destruction of the computer hardware, firmware or any other property except **Digital Assets**;
- (v) That part of any **Digital Asset Loss** for which the proof as to its existence or amount is solely dependent on an inventory computation or comparison; or a profit and loss computation or comparison; provided, however, where the **Insured** establishes wholly apart from such comparison that it has sustained a **Digital Asset Loss**, then it may offer its inventory records and actual physical count of inventory in support of the amount of such **Digital Asset Loss** claimed;
- (vi) The costs or expenses incurred for researching or developing **Digital Assets**;
- (vii) The economic or market value of, or the monetary value of lost market share, profits, or royalties related to any **Digital Assets**, including without limitation **Trade Secret(s)**;
- (viii) Costs or expenses incurred to identify and remove software program errors or vulnerabilities; or
- (ix) The monetary value of any electronic fund transfers or transactions by the **Insured** or on the **Insured's** behalf, which is lost, diminished or damaged during transfer from, into or between the **Insured's** accounts.
- 15. **Discovery Period**: as described in SECTION 1, Item 10.
- 16. **E-Media**: any **Content** or **Advertising** by the **Insured** in an electronic or physical representation of the electronic content, including on a **Website** or disseminated on the **Internet**.
- 17. **E-Media Wrongful Act**: any actual or alleged act, error or omission by the **Insured** in relation to any **E-Media** that results in:
 - (a) Wrongful publication, defamation, slander, libel, product disparagement, trade libel or other tort related to disparagement or harm to the reputation of character of any persons or entity;
 - (b) Misappropriation or misdirection of messages or media of a **Third Party** by the **Insured**, including meta tags, **Website** domains and names, and related **Content**;
 - (c) Invasion of or interference with the right to privacy or publicity;
 - (d) Misappropriation of any ideas, names, likeness or image;
 - (e) Plagiarism, copyright infringement; or
 - (f) Infringement of trademark, domain name, title, slogan, or service mark.
- 18. **Employee**: includes any present or former employee, including part-time, seasonal, **Leased Worker**, **Temporary Worker** or an **Individual Contracted Worker**, but solely while acting on behalf of the **Insured**.
- 19. **Expenses and Losses**: any **Privacy Breach Expense**, **Defence Costs**, **Business Interruption Loss**, **Digital Asset Loss**, **Extortion Expense** or **Extortion Monies**.
- 20. **Extended Reporting Period**: any extended reporting period applicable pursuant to SECTION 1, Item 9 of this Policy.
- 21. **Extortion Expense**: the reasonable expense other than **Extortion Monies** incurred by the **Insured** with the Insurer's prior written consent in response to a **Credible Threat**. Such consent will not be unreasonably withheld.
- 22. **Extortion Monies**: any funds or property paid by the **Insured**, with the Insurer's prior written consent, to a person reasonably believed to be responsible for a **Credible Threat** insured under SECTION I, Item 3. G. – CYBER EXTORTION THREAT, for the purpose of terminating that threat and all residual effects. Such consent will not be unreasonably withheld.
- 23. **Failure of Security**:
 - (a) A failure or inability of the **Security** of the **Insured's Computer System** or of a **Computer System** maintained or operated by a **BPO Service Provider** or **Out Sourced Service Provider** or other **Third Party** on behalf of the **Insured**, to prevent **Unauthorized Access** to or **Unauthorized Use** of such **Computer System** or corruption or deletion of **Digital Assets** held by such **Computer System**;
 - (b) The receipt or transmission of a **Malicious Code** or **Denial of Service** by the **Insured's Computer System** or by a **Computer System** maintained or operated by a **BPO Service Provider** or **Out Sourced Service Provider** or other **Third Party** on behalf of the **Insured**; or
 - (c) A failure or inability to prevent the physical theft of hardware or firmware in the possession or control of the **Insured** or a **BPO Service Provider** or **Out Sourced Service Provider** or other **Third Party** on behalf of the **Insured**, on which **Protected Personal Information** or **Confidential Corporate Information** entrusted to the **Insured** is stored electronically;
 - (d) Any of the above resulting from the theft of a password or access code by non-electronic means in direct violation of the **Insured's** specific written policies and procedures regarding **Security**.
- 24. **Fissionable Substance**: any prescribed substance that is, or from which can be obtained a substance capable of releasing atomic energy by nuclear fission.
- 25. **Inception Date**: the date specified on the **Declarations Page** as the inception date of the first Policy issued by the Insurer that provides the same, or essentially the same coverage as this Policy and is continually renewed by the Insurer.
- 26. **Identity Theft**: the misappropriation of **Protected Personal Information** of customers or members that is in the **Insured's** care, custody and control or stored in any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, which has resulted in, or could reasonably be expected to result in, the wrongful or fraudulent use of such information.
- 27. **Individual Contracted Worker**: an individual person hired under contract by the **Insured** for a specific task, but only while acting within the scope of their duties for the **Insured** and performing duties related to the conduct of the **Insured's** business under the **Insured's** direction.
- 28. **Insured(s)**: any person or entity listed or described in SECTION I, Item 7.
- 29. **Internet**: the worldwide public network of computers which enables the transmission of electronic data and which includes intranets, extranets and virtual private networks.
- 30. **Interrelated Wrongful Acts**: **Wrongful Acts** that have a common nexus, fact, circumstance, situation, event, transaction, goal, motive, methodology, or cause or series of causally connected facts, circumstances, situations, events, transactions, goals, motives, methodologies or causes.
- 31. **Leased Worker**: a person leased to the **Named Insured(s)** by a labour leasing firm, under an agreement between the **Named Insured(s)** and the labour leasing firm, to perform duties related to the conduct of the **Named Insured's** business. **Leased Worker** does not include a **Temporary Worker**.
- 32. **Malicious Code**: unauthorized corrupting or harmful piece of code, including, but not limited to, computer viruses, Trojan horses, worms, time or logic bombs, spyware, malware or spiderware.
- 33. **Named Insured(s)**: the person(s) or entity(s) identified as such in the **Declarations Page**.
- 34. **Network Outage**: the actual and measurable interruption or suspension of the **Insured's Computer System**, which is directly caused by a **Failure of Security**.
- 35. **Network Security Wrongful Act**: actual or alleged breach of duty, negligent act, error or omission by or on behalf of the **Insured** that results in a **Failure of Security**. Any failures, interruptions, suspensions and delays of a **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, that results in the same or interrelated **Failure of Security** will be considered a single **Wrongful Act**, regardless of the number of such failures, interruptions, suspensions or delays or dates when such failures, interruptions, suspensions or delays happened.
- 36. **Nuclear Energy Hazard**: the radioactive toxic, explosive or other hazardous properties of **radioactive material**.
- 37. **Nuclear Facility**:
 - (a) Any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
 - (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of plutonium, thorium and uranium or any one or more of them,
 - (ii) Processing or utilizing spent fuel, or
 - (iii) Handling, processing or packaging waste;

- (c) Any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the **Insured(s)** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste **radioactive material** and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.
- 38. **Out Sourced Service Provider:** a **Third Party** independent contractor that provides information technology services for the **Insured's** benefit under written contract with the **Insured** Outsourced services include but are not limited to hosting, security management, co-location and data storage.
- 39. **Policy Period:** the period shown on the **Declarations Page**. If this Policy is cancelled, the **Policy Period** shall be amended accordingly. If the **Discovery Period** is exercised in accordance with SECTION I, Item 10, it shall be part of the last **Policy Period** and not an additional period.
- 40. **Pollutants:** any solid, liquid, gaseous or thermal irritant or contaminant including smoke, odour, vapour, soot, fumes, acid, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 41. **Privacy Breach Wrongful Act:** any actual or alleged breach of duty, negligent act, error or omission by or on behalf of the **Insured** that results in:
 - (a) The unauthorized access to, or unauthorized use of, or the disclosure of **Protected Personal Information** or of **Confidential Corporate Information** of any person or entity other than the **Insured**, in the care, custody or control of the **Insured**;
 - (b) Breach or violation by the **Insured** of any **Privacy Law** or common law right to privacy.
- 42. **Privacy Breach Expenses:** the following expenses were incurred with the Insurer's prior consent in order to comply with any **Privacy Law** or to minimize any **Damages** or **Expenses and Losses** otherwise covered under this Policy:
 - (a) Notification Expenses: The required amount of necessary expenses incurred by the **Insured**, or by others on the **Insured's** behalf, to minimize any **Damages**, or **Expenses and Losses** otherwise covered under this Policy or to comply with any **Privacy Law** requiring a person or organization storing **Protected Personal Information**, either in paper or electronic format, to provide notice to an identified individual of any actual or potential disclosure of, **Unauthorized Use** of, or **Unauthorized Access** to **Protected Personal Information**;
 - (b) Credit Monitoring and Data Recovery Expense: costs incurred by the **Insured** or on the **Insured's** behalf:
 - (i) To provide credit monitoring expenses to an identified individual to the extent required by **Privacy Law** or to minimize any **Damages** or **Expenses and Losses** otherwise covered under this Policy; or
 - (ii) To recover information which has been accessed without the identified individual's permission where the costs of recovery would minimize any **Damages** or **Expenses and Losses** otherwise covered under this Policy;
 - (c) Cyber Investigation Expense: costs incurred by the **Insured**, or on the **Insured's** behalf, with the prior consent of the Insurer, to pay a **Third Party** to conduct an investigation into a **Computer System** from which **Protected Personal Information** has been accessed in order to determine the manner in which and the date and time such information was accessed. Such costs do not include compensation, fees, benefits, overhead or the charges or expenses of any **Insured**; and
 - (d) Crisis Management Expense: costs incurred by the **Insured**, or on the **Insured's** behalf, to pay a public relations firm, law firm or crisis management firm, hired with the prior written consent of the Insurer, to perform crisis management services to minimize the potential harm to the **Insured's** reputation or business or to the persons or entities affected due to **Protected Personal Information** that has been wrongfully accessed, but only if in the law enforcement authorities having jurisdiction over the theft of the information have been advised and do not object to such payment. Such costs do not include compensation, fees, benefits, overhead or the charges or expenses of any **Insured**.
- 43. **Privacy Law:** statutes and regulations governing the protection, use or disclosure of non-public personal information or breach of privacy, including:
 - (a) The unauthorized access to, or unauthorized use or disclosure of Personal Information Protection and Electronic Documents Act (PIPEDA); or
 - (b) In provinces where PIPEDA has not been enacted, any provincial regulation that has been deemed substantially similar to PIPEDA; or
 - (c) The Privacy Act; or
 - (d) Other similar federal, provincial, state or local **Identity Theft** and privacy protection laws requiring commercial entities that collect personal or health information to adopt privacy policies or controls, or notify individuals in the event that personal information has been compromised.
- 44. **Professional Services:** acts or services requiring specialized knowledge, skill or professional judgment, which the **Insured** renders to others pursuant to a written agreement and for a fee or other consideration.
- 45. **Proposal:** the application for this Policy, together with any other information physically supplied by or on behalf of the **Insured** to the Insurer in connection with underwriting this Policy.
- 46. **Protected Personal Information:** a person's first name and/or last name or initial in combination with any one or more of the following:
 - (a) Social insurance number or social security numbers;
 - (b) Medical or healthcare information or data;
 - (c) Drivers' license numbers;
 - (d) Financial account information that would permit access to an individual's financial account; and
 - (e) Any other information specifically protected under provincial, federal, and/or international **Privacy Law**.**Protected Personal Information** shall not include information that is lawfully made available to the general public for any reason, including but not limited to publicly accessible information from federal, provincial or local government records.
- 47. **Radioactive Material:** uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances that the Atomic Energy Control Board may, by regulation, designate as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.
- 48. **Recollect:** cost of expenses to:
 - (a) Recollect the information making up the **Digital Asset**, including without limitation, information from non-electronic sources; and
 - (b) Organize and transcribe such information into the same or substantially similar form as the original **Digital Asset**.
- 49. **Regulatory Proceeding:** a civil administrative proceeding or regulatory action, including an inquiry, involving a regulatory authority or body seeking to enforce a statutory mandate to protect information and privacy.
- 50. **Restore:** costs or expenses to restore **Digital Assets** from any collection of partially or fully matching electronic data or software, or through electronic data or disaster recovery methods.
- 51. **Security:** hardware, software or firmware with a function or purpose that is to mitigate loss from, or prevent **Unauthorized Access** to, **Unauthorized Use** of, receipt or transmission of a **Malicious Code** by or **Denial of Service** attacks to or from a **Computer System**. **Security** includes, without limitation, firewalls, filters, computer virus protection software, intrusion detection, the electronic use of passwords or similar identification of authorized users. Also includes specific written policies and procedures intended to directly prevent theft of a password or access code by non-electronic means.
- 52. **Temporary Worker:** a person who is furnished to the **Named Insured(s)** to substitute for a permanent **Employee(s)** on leave or to meet seasonal or short-term workload conditions.
- 53. **Third Party:** any person or entity which is not an **Insured**.
- 54. **Trade Secret(s):** information (including any idea that has been reduced to a written or electronic form, including a formula, compilation, pattern, program, device, method, process, or technique) which:
 - (a) Derives independent economic value, actual or potential, from not being readily ascertainable through proper means by other person who can obtain economic advantage from its disclosure or use;
 - (b) Is the subject of reasonable efforts to maintain its secrecy; and
 - (c) Is used, capable of being used, or intended to be used in commerce.
- 55. **Unauthorized Access:** the gaining of access to a **Computer System** by an unauthorized person(s), or by an authorized person(s) in an unauthorized manner.

56. **Unauthorized Use:** the use of a **Computer System** by a person unauthorized by the **Insured** or a person authorized by the **Insured** that used a **Computer System** for a purpose not intended by the **Insured**.
57. **Waiting Period:** the number of hours the **Insured's Computer System** experiences a **Network Outage** before the Insurer is first obligated to pay Loss (other than Extra Expense). The **Waiting Period** incepts immediately following the **Network Outage**. The **Waiting Period** is specified on the **Declarations Page**.
58. **Website:** the software, **Content**, and other materials accessible via the **Internet** at a designated Uniform Resource Locator (URL) address owned by the **Insured**.
59. **Wrongful Acts:** the following, if purchased and a limit is specified on the **Declarations Page**, when committed by an **Insured** in their capacity as such:
 - (a) **Network Security Wrongful Act;**
 - (b) **Privacy Breach Wrongful Act;**
 - (c) **E-Media Wrongful Act.**
61. **Reputational Damages:** **Insured's** loss of net income (net profit or loss before income taxes) due to:
 - (a) Termination of **Insured's** services contract by on **Insured's** client(s) and/or
 - (b) Reduction in the value of **Insured's** business and brands;
 where such loss arises directly from a **network outage**.

SECTION III – EXCLUSIONS

COMMON POLICY EXCLUSIONS PART 1

This Policy does not apply to any **Failure of Security, Claim** or **Expenses and Losses** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, attributable or related, in whole or in part, to:

1. Dishonest Acts

Any actual or alleged dishonest, fraudulent, criminal or malicious act or wilful error or omission committed by any **Insured**. This exclusion does not apply to any **Insured** that did not participate in or know about the dishonest act(s). However, this exclusion will be applied to all **Insureds** if the dishonest act(s) is done with the consent or knowledge of the **Named Insured** or any of the **Named Insured's** directors, partners or executive officers.

COMMON POLICY EXCLUSIONS PART 2

This Policy does not apply to any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, attributable or related, in whole or in part, to:

1. Asbestos

Any actual or alleged liability for or involving asbestos, or any materials containing asbestos in whatever form or quantity. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the loss, damage, cost or expense.

2. Bodily Injury or Property Damage

- (a) Bodily injury, sickness, mental anguish, disease or death of any person; or
- (b) Damage to or destruction of any tangible property including all resulting loss of use of that property. Tangible property does not include data or other information that is in electronic form.

This exclusion will not apply to a **Claim** for mental injury, mental anguish, or emotional distress resulting directly from a **Privacy Breach Wrongful Act** or an **E-Media Wrongful Act**.

3. Contest and Lotteries

Any liability resulting from services provided by or on behalf of the **Insured** or for others that involve contests, games of chance, lotteries, sweepstakes or similar events offering award or other valuable consideration.

4. Delay, Warranties, Guarantees, Cost Estimates, Fee Disputes

- (a) Delay in the performance of any contract or agreement;
- (b) Express or implied warranty or guarantee;
- (c) Cost guarantee or cost estimate; or
- (d) Disputes involving the **Insured's** fees or charges.

5. Discrimination

Discrimination of any kind, including, but not limited to race, creed, religion, age, handicap, sex, marital status or financial condition.

6. Employment Related Practices

Refusal to employ, termination of employment, coercion, demotion, evaluation, reassignment, discipline, harassment, humiliation or any other employment-related practices, policies, acts, errors or omissions.

7. Fiduciary Duty

Breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan, or arising out of or in consequence of any alleged or actual violation of securities laws, acts or statutes.

8. Insured versus Insured

- (a) Any **Claim** that is brought by
- (b) Any **Insured**; however, this exclusion will not apply to an otherwise covered **Claim** by an **Employee** alleging a **Privacy Breach Wrongful Act**;
- (c) Any entity which is owned or controlled by, or is under common ownership or control with, the **Insured**;
- (d) Any person or entity which owns or controls any entity included within the definition of **Insured**;
- (e) Any **Individual Contracted Worker** of an **Insured**.

9. Liability Assumed under Contract

The liability of others assumed by the **Insured** under any contract or agreement unless: such liability would have attached to the **Insured** even in the absence of such contract or agreement. This exclusion does not apply to any **Claim** for a **Privacy Breach Wrongful Act** in relation to any liability or obligation under a confidentiality or non-disclosure agreement.

10. Mechanical Failure

- (a) Any electrical or mechanical failures, including power interruption, surge, brownout or blackout; however, this will not apply to electrical or mechanical failures resulting from a **Wrongful Act** relating to the avoidance or minimization of the events above or the resulting consequences;
- (b) Fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other physical event, however caused.

11. Infringement

Infringement, misappropriation or violation of any copyright, trademark, service mark, trade dress or trade name; however, this exclusion will not apply to an otherwise covered **Claim** as it relates to Insuring Agreement A. Cyber Liability.

12. Patents and Trade Secrets

The validity or invalidity, infringement, misappropriation, copying, theft, display, publication or violation of any patent or **Trade Secret**.

13. Pollution

- (a) Any **Claim** which arises out of, or would not have occurred, in whole or in part but for the actual, alleged or threatened spill, discharge, emission, disbursement, seepage, leakage, migration, release or escape of **Pollutants** at any time.
- (b) Any **Damages, Expenses and Losses** arising out of any:
 - (i) Request, demand or order that any **Insured** or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **Pollutants**; or

- (ii) **Claim** or action by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, decontaminating, stabilizing, remediating, neutralizing, or in any way responding to, or assessing the effects of **Pollutants**.

14. Prior Acts

Any **Claim, Expenses and Losses** arising out of any **Wrongful Acts** or **Credible Threat(s)** first made before the Retroactive Date shown in the **Declarations Page**.

15. Prior Claims

Any fact, circumstance or situation indicating the possibility of a **Claim** or **Expenses and Losses** already known to the **Insured**, or reported to any insurer, prior to the effective date of this Policy.

16. Product Recall

The cost or expenses incurred by the **Insured** or others to withdraw or recall the **Insured's** products or services or any part of such product or services from the marketplace or from use; however, this exclusion will not apply to any **Claim** by a **Third Party** for loss of use resulting from the withdrawal, recall, inspection, repair, replacement, adjustment or removal of the **Insured's** products.

17. Professional Services

The rendering of or failure to render **Professional Services**.

18. Nuclear Liability

(a) Liability imposed by or arising under the Nuclear Liability Act;

(b) Any **Claim** with respect to which an **Insured** under this Policy is also insured under a contract of nuclear energy liability insurance (whether the **Insured** is unnamed in such contract or whether or not it is legally enforceable by the **Insured**) issued by the Nuclear Insurance Association of Canada or any other Insurer or group or pool of Insurers or would be an **Insured** under any such Policy but for its termination upon exhaustion of its limit of liability;

(c) Any **Claim** resulting directly or indirectly from the **Nuclear Energy Hazard** arising from:

(i) The ownership, maintenance, operation or use of a **Nuclear Facility** by or on behalf of an **Insured**;

(ii) The furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **Nuclear Facility**; and

(iii) The possession, consumption, use, handling, disposal or transportation of **Fissionable Substances**, or of other **radioactive material** (except radioactive isotopes, away from a **Nuclear Facility**, which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by any **Insured**.

19. Transfer of Funds

Any transfer of funds, money and securities. This exclusion does not apply to:

(i) **Claims** by a **Third Party** resulting directly from **Unauthorized Access** to the any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**.

(ii) Extension of Coverage a) Social Engineering Fraud of Insuring Agreement G. Cyber Exportion Threat

20. Violation of Trade Law

Any actual or alleged violation of any law relating to anti-trust, restraint of trade, unfair trade practices, false or deceptive advertising or any other law protecting competition or consumers, other than **Loss** resulting directly from any violation which constitutes a **Privacy Breach Wrongful Act**.

21. Violation of Statutes Governing Methods of Sending Material or Information

Any distribution of material that violated or is alleged to violate any statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

22. War

Occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law, or confiscation by order of any government or public authority.

EXCLUSIONS APPLICABLE ONLY TO SECTION I, ITEM 1. A. – CYBER LIABILITY

This Policy does not apply to any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, attributable or in any way related, in whole or in part, to:

1. INTERNET MEDIA

(a) Disputes over ownership of, licensing or royalty fees associated with, or use of or exercise of rights associated with **E-Media**;

(b) Actual or alleged **Failure of Security** of the **Insured's Computer System**;

(c) Any **Wrongful Acts** or **Interrelated Wrongful Acts** in which the first **Wrongful Acts** occurs prior to the inception of or subsequent to the termination of the **Policy Period**; or

(d) Display or creation of **E-Media** for or on behalf of others; provided, that this exclusion will not apply to the display of **Advertising** on the **Insured's Internet** site.

EXCLUSIONS APPLICABLE ONLY TO:

SECTION I, ITEM 1. B. – NETWORK SECURITY AND PRIVACY BREACH LIABILITY

SECTION I, ITEM 2. C. – PRIVACY BREACH EXPENSES

SECTION I, ITEM 2. D. – PRIVACY REGULATORY DEFENCE AND PENALTIES

SECTION I, ITEM 3. E. – BUSINESS INTERRUPTION LOSS

SECTION I, ITEM 3. F. – DIGITAL ASSETS LOSS

SECTION I, ITEM 3. G. – CYBER EXTORTION THREAT

This Policy does not apply to any **Failure of Security, Claim** or **Expenses and Losses** based upon, arising out of directly or indirectly resulting from, in consequence of, or in any way involving, attributable or in any way related, in whole or in part, to:

1. SECURITY FAILURE

(a) Any **Failure of Security** occurring prior to the **Inception Date** if the **Insured** knew or could have reasonably foreseen that this **Failure of Security** could give rise to a **Claim** or to any **Expenses and Losses**;

(b) Any shortcoming in **Security** that the **Insured** knew about prior to **Expenses and Losses** occurring;

(c) Any failure to ensure that any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured** is protected to industry standards by security practices and system maintenance procedures that are equal to or superior to those disclosed in the **Proposal**;

(d) The **Insured's** failure to take steps to use, design, maintain or upgrade the **Security**; or

(e) Out of the use, or lack of performance of, software:

(i) Due to expiration, cancellation or withdrawal of the software;

(ii) That has not yet been released from its developmental state; or

(iii) That has not passed all test runs or proven successful in applicable daily operations.

2. GOVERNMENT AUTHORITY

Any seizure, confiscation, nationalization, or destruction of the **Insured's Computer System** or **Digital Assets** by order of any government or public authority.

3. WEAR AND TEAR

Any wear and tear or gradual deterioration of any **Computer System** of the **Insured** or of a **Third Party** who operates or maintains a **Computer System** on behalf of the **Insured**, or the **Insured's Digital Assets**.

SECTION IV – CONDITIONS

1. ACTION AGAINST THE INSURER

No action or legal proceedings may be initiated against the Insurer unless the **Insured** has fully complied with the requirements of this Policy. Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act.

2. ADJUSTMENT CLAUSE

This Policy is issued and the premium computed on the basis of the information submitted to the Insurer as part of the **Proposal**. The Insurer may require premium adjustment, when Premium Adjustment Terms are shown on the **Declarations Page**, and coverage revisions in the event:

- (a) The **Named Insured** acquires any other entity; or
- (b) The **Named Insured** creates or acquires a subsidiary subsequent to the inception date of this Policy. The **Named Insured** agrees to give notice to the Insurer in writing in ninety (90) days of the happening of either of the foregoing and furnish such information in connection therewith as the Insurer may require.

3. ALLOCATION

In the event that a **Claim** made against the **Insured** is partly covered by this Policy and partly not covered by this Policy, or a **Claim** is made against the **Insured** and against any persons or entities not insured by this Policy, the **Insured** agrees that the Insurer's obligation to make payment for **Defence Costs** under this Policy is limited to payments in respect of covered **Claims**, persons and entities only, and all **Defence Costs** shall be allocated as between the covered and non-covered **Claims**, and covered and non-covered persons or entities, as follows:

- (a) The **Insured** recognizes and agrees that all **Defence Costs** paid by the Insurer under the Policy must be allocated only to the defence of **Claims** covered under the Policy, and the **Insured** agrees that the Insurer and the **Insured** will use best efforts to determine a fair and proper allocation of **Defence Costs** as between covered and non-covered **Claims** and as between covered and non-covered persons or entities, taking into account the relative legal and financial exposures, and the relative benefits obtained by the **Insured**.
- (b) In the event that the **Insured** and Insurer are not able to agree on the allocation to be made pursuant to this SECTION IV Condition 3 of the Policy, the **Insured** agrees that the Insurer shall advance such amounts as the Insurer believes to be fair and proper until a different amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law. The allocation determined by the Insurer under this section shall not create any presumption with respect to the allocation of other **Claims** or amounts as between the **Insured** and uninsured persons or entities, or as between covered and non-covered **Claims**.

4. ASSIGNMENT

Assignment of interest under this Policy shall not bind the Insurer unless its consent is endorsed hereon.

5. ASSISTANCE AND CO-OPERATION

- (a) The **Insured** shall co-operate with the Insurer in the investigation of all **Claims, Expenses and Losses** under this Policy, and shall provide the Insurer with all assistance as may be reasonably required by the Insurer.
- (b) The **Insured** shall cooperate with the Insurer in the defence of any **Claim** or suit, and shall give to the Insurer such information and written statements as the Insurer may require, and shall attend depositions, hearings and trials and give evidence in connection with the defence of such suit, all without charge to the Insurer.
- (c) The **Insured** shall not voluntarily make any payment, assume any liability or obligation or incur any expense, unless with the written consent of the Insurer.

6. AUDIT

The Insurer may examine and audit the **Insured's** books and records at any time during the **Policy Period** and within three (3) years after the end of the **Policy Period**, as they relate to the matter of this Policy.

7. AUTHORIZATION CLAUSE

By acceptance of this Policy, all **Insureds** agree that the **Named Insured** shall act on their behalves with respect to the giving or receiving of any notice provided for in this Policy, the payment of premiums and the receiving of return premiums and the negotiation and acceptance of any endorsement.

8. BANKRUPTCY

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate does not relieve the Insurer of its obligations under this Policy.

9. CANADIAN CURRENCY

All limits of insurance, premiums and other amounts as expressed in this Policy are in Canadian currency.

10. CANCELLATION

This Policy may be cancelled:

- (a) By the Insurer giving to the **Named Insured** by registered mail notice of cancellation as follows:
 - (i) 15 days' notice of cancellation, if cancellation is due to non-payment of premium;
 - (ii) 60 days' notice of cancellation, if cancellation is due to any other reason. Such notice shall be accompanied by a pro rata return of premium but in no event shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified.

Except in Quebec, cancellation takes effect 15 or 60 days after the registered letter or notification of it is delivered to the first **Named Insured's** postal address depending on the reason for cancellation. Proof of mailing will be sufficient proof of notice.

In Quebec, the Insurer's notice of cancellation takes effect either 15 or 60 days after receipt of the notice at the last known address of the first **Named Insured**, depending upon the reason for cancellation.

- (b) By the **Named Insured**, giving written notice at any time. Cancellation will take effect on the date of the **Named Insured's** written notice or at a later date if specified therein. The Insurer will refund the unearned premium on a short-rate basis, but in no event shall the short-rate premium for the expired time be deemed to be less than any minimum retained premium specified.

11. CHANGES

This Policy contains all the agreements between the **Named Insured** and the Insurer concerning the insurance afforded. The **Named Insured** shown in the **Declarations Page** is authorized to make changes in the terms of this Policy with the Insurer's consent. The terms of this Policy may be amended or waived only by endorsement issued by the Insurer and made a part of this Policy.

12. NOTICE OF CLAIMS

1. Liability Coverages

SECTION I, Item 1. A. – CYBER LIABILITY and SECTION I, Item. B. – NETWORK SECURITY AND PRIVACY BREACH LIABILITY

The **Insured** shall give immediate notice in writing of any **Claim** to the Insurer at the address shown in SECTION IV, Condition 13. Such notice shall in any event be given not later than sixty (60) days after the expiration of the **Policy Period**, or not later than the expiration of any **Extended Reporting Period** or **Discovery Period**, if applicable.

If during the period of this insurance the **Insured** shall first become aware of any occurrence or situation which might reasonably be expected to give rise to a **Claim** against the **Insured** and shall during the period of this insurance give written notice to the Insurer of such occurrence or situation, then any such **Claim** which is subsequently made shall be deemed to have been made on the date that the Insurer was advised of the occurrence or situation. Such notice will include:

- (1) The name of the potential claimant and a date and description of the specific **Wrongful Acts** which form the basis of the potential **Claim**;
- (2) The nature of the potential damages arising from such specific **Wrongful Acts**; and
- (3) The circumstances by which the **Insured** first became aware of the specific **Wrongful Acts**.

2. Expense Coverage Notice

SECTION I, Item 2. C. – PRIVACY BREACH EXPENSES

As a condition precedent to coverage, the **Insured** shall give immediate notice in writing to the Insurer of any **Privacy Breach Wrongful Act** for which the **Insured** seeks **Privacy Breach Expenses** coverage under this Policy. Such notice must be reported within thirty (30) days of the **Privacy Breach Wrongful Act** or in any event be given not later than sixty (60) days after the expiry of the **Policy Period** or any applicable **Extended Reporting Period** or **Discovery Period**. The **Insured** must obtain written consent from the Insurer prior to incurring any such expenses.

SECTION I, Item 2. D. – PRIVACY REGULATORY DEFENCE AND PENALTIES

As a condition precedent to coverage, the **Insured** shall give immediate notice in writing to the Insurer of any **Regulatory Proceeding** for which the **Insured** seeks Privacy Regulatory Defence and Penalties coverage under this Policy. Such notice shall in any event be given not later than sixty (60) days after the expiration of the **Policy Period**, or not later than the expiration of any **Extended Reporting Period** or **Discovery Period**, if applicable.

3. First Party Coverage

SECTION I, Item 3. E. – BUSINESS INTERRUPTION LOSS AND SECTION I, Item 3. F. – DIGITAL ASSET LOSS AND SECTION I, Item 3. G. – CYBER EXTORTION THREAT

As a condition precedent to coverage the **Insured** shall:

- (a) Give the Insurer immediate written notice of any **Business Interruption Loss, Network Outage, Failure of Security, Digital Assets Loss, or Credible Threat(s)**, including any demand for **Extortion Monies** for which the **Insured** seeks coverage under this Policy. Such notice shall in any event be given not later than sixty (60) days after the expiration of the **Policy Period**, or not later than the expiration of any **Extended Reporting Period** or **Discovery Period** if applicable.
- (b) Give the Insurer immediate written notice of any **Business Interruption Loss, Digital Assets Loss, or Credible Threat(s)** which is reasonably likely to take place during the **Policy Period**;
- (c) Provide a written description of the details of the **Network Outage** or **Credible Threat(s)** as soon as practicable;
- (d) Complete and sign a written, detailed and sworn proof of loss within ninety (90) days after the discovery of a **Business Interruption Loss, Digital Asset Loss or Credible Threat(s)** (unless such period has been extended by the Insurer's written agreement) including a full description of and circumstances surrounding such **Business Interruption Loss, Digital Assets Loss, or Credible Threat(s)**, including without limitation, the time, place and cause of the **Business Interruption Loss, Digital Assets Loss, or Credible Threat(s)**, a detailed calculation of any **Business Interruption Loss**, the **Insured's** interest and the interest of all others in the property, the sound value thereof and the amount of loss or damage thereto and documents and material of whatever media that reasonably relates to or forms a part of the basis of the claim for such loss;
- (e) Upon the Insurer's request, submit to an examination under oath;
- (f) Immediately record the specifics of any **Business Interruption Loss, Digital Assets Loss, or Credible Threat(s)** and the date the **Insured** first became aware of such **Business Interruption Loss, Digital Assets Loss, or Credible Threat(s)**;
- (g) At the Insurer's request report such **Credible Threat(s)** to the RCMP, FBI, CIRCC, CERT, ISAC or any other central reporting or investigative organization that the Insurer may designate;
- (h) Provide the Insurer with any cooperation and assistance that the Insurer may request, including assisting the Insurer in:
 - (i) Any investigation of a **Failure of Security, Expenses and Losses** or circumstances that may give rise to a **Claim**;
 - (ii) Enforcing any legal rights the **Insured** or the Insurer may have against anyone who may be liable to the **Insured**;
 - (iii) Executing any documents that the Insurer deems necessary to secure the Insurer's rights under this Policy; and
 - (iv) Any inspection or survey conducted by the Insurer.

The costs and expenses of establishing or proving **Business Interruption Loss, Digital Assets Loss, Credible Threat(s), Extortion Expenses and Extortion Monies** for this Policy, including those in connection with preparing a proof of loss shall be the obligation of the **Insured** and are not covered under this Policy.

13. NOTIFICATION OF CLAIM(S)

All **Claim** notices are to be reported to MGB Claims Consultants at Toll free: 1-866-824-9940 and must directly be reported to Premier Group in writing at the following address:

Attention: Claims Department
 Premier Marine Insurance Managers (WEST) Inc. – Head Office
 1700 - 601 W. Hastings Street
 Vancouver, BC V6B 1M8
 or emailed to claims@premiergroup.ca

14. OTHER INSURANCE

If other valid and collectable insurance is available to an **Insured** for any **Claim, Damages or Expenses and Losses** covered under this Policy:

- (a) If the insurer of the other applicable valid and collectable insurance is not the Insurer or any affiliate of the Insurer, this Policy shall apply only as excess insurance over such other valid and collectable insurance, including any retention or deductible portion of such insurance. The Insurer under this Policy shall be liable for only the excess, if any, of any **Damages or Expenses and Losses** over the applicable limit of the other insurance covering such **Damages or Expenses and Losses**, and this Policy shall not contribute to any **Claim** or to **Damages or Expenses and Losses** that are less than or equal to the applicable limit of the other insurance covering such **Claim, Damages, or Expenses and Losses**;
- (b) In the event that any part of such other valid and collectable insurance is issued by the Insurer or any affiliate of the Insurer, the Insurer's liability hereunder shall be reduced by the amount payable under such other insurance.

15. NON STACKING OF LIMITS

If this policy and any other policy or coverage form issued to an insured by Premier Group or any of its affiliates apply to the same "occurrence", the combined maximum limits of liability under all of the policies or coverage forms shall not exceed the highest applicable limit of liability available under any one policy or coverage form.

16. REPRESENTATIONS

By accepting this Policy, the **Named Insured(s)** agrees:

- (a) The statements in the **Declarations Page** are accurate and complete;
- (b) Those statements are based upon representations the **Named Insured(s)** has made to the Insurer; and

(c) The Insurer has issued this Policy in reliance upon the **Named Insured's** representations, documentation, data and other material the **Named Insured(s)** has furnished to the Insurer.

17. SEVERABILITY CLAUSE

This Policy shall be construed as a separate agreement with each **Insured**. Nothing in this clause shall increase the Insurer's maximum liability as set forth in SECTION I, Item 6. – LIMIT OF LIABILITY & DEDUCTIBLE of this Policy.

18. STATUTORY CONFORMITY

Terms of this Policy, which are in conflict with the statutes of the province where the **Insured** has its main address, are hereby amended to conform to such statutes.

19. SUBROGATION

In the event any payment is made by the Insurer under this Policy, the Insurer shall be subrogated to all the **Insured's** rights to recovery against any **Third Party**, including any rights to contribution or indemnity against any person or organization that may be liable to the **Insured** or to a claimant, with respect to which insurance is provided by this Policy. The **Insured** shall execute and deliver to the Insurer instruments and papers and do whatever else is necessary to secure such rights, including attend hearings and trials and assist in giving evidence and appearing as witnesses as may be necessary, all at the **Insured's** own cost. The **Insured** shall do nothing to prejudice such rights. Any recoveries shall be first applied to reimburse the Insurer for its subrogation expenses.

IN WITNESS WHEREOF the Insurer has executed and attested these presents, but this Policy shall not be valid unless countersigned on the **Declarations Page** by a duly authorized representative of the Insurer.

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