

Form #PFE100 - Cyber-Privacy Failure Expense Coverage
(Rev. 16 January 2015)

This Endorsement attaches to the Errors and Omissions Policy. Except as otherwise provided in this Endorsement, all terms, provisions, and conditions of the **Policy** shall have full force and effect.

INSURING AGREEMENT

Underwriters agree, subject to the Exclusions of this Endorsement, and terms and conditions of the attached **Policy**, to indemnify the **Insured** for **Privacy Failure Expense** resulting from a **Privacy Failure** of the **Insured's** computer network, provided that:

- a. **Underwriters** have provided prior consent of such expenditure;
- b. the **Underwriters** shall only be liable for **Privacy Failure Expense** arising out of any one originating cause under this Endorsement, which exceeds the amount of the Self-Insured Excess stated in the **Schedule**; and
- c. the **Insured** has provided the **Underwriters** written notice within Thirty (30) days of the **Privacy Failure**.

LIMIT

The limit shown on the Schedule is the maximum we will indemnify irrespective of the number of incidents during the policy period.

EXCLUSIONS

Underwriters shall not be liable to pay any **Privacy Failure Expense** of any claim or claims arising directly or indirectly out of or in respect of:

Infrastructure Malfunction

The malfunction, stoppage, or crash of telephone lines, data transmission lines or other infrastructure comprising or supporting the **Internet**, unless such lines or infrastructure were under the **Insured's** operational control.

Reasonable Care

Any circumstance which could give rise to a claim under this **Policy** of which the **Insured** failed to take steps to use, maintain, or upgrade the **Insured's** computer network in a reasonable manner. Including circumstances arising out the use of or performance of, software that is: due to expire, been cancelled, or been withdrawn, is still in testing or *beta* phase, or that has not been proven to perform correctly for daily operations.

Adequate Notice – Purpose for Data Collection

Any actual or alleged failure to provide adequate notice regarding the purposes for which the sensitive personal information is collected.

Official Confiscation

Any liability based upon, arising from, or in consequence of any seizure, confiscation, nationalization, or destruction of the **Insured's** computer network by order of any governmental or public authority.

DEFINITIONS

"**Privacy Failure Expense**" shall mean those reasonable and necessary expenses incurred by the **Insured**, or on the **Insured's** behalf,:

- i. to provide notice to third party or parties of any actual or alleged compromise of personal information;
- ii. to recover information which has been accessed without the individual's permission;
- iii. to provide credit monitoring to minimize any **Damages** otherwise covered under this **Policy** for a period not greater than twelve (12) months from the date of the **Privacy Failure**;
- iv. to conduct an investigation, also known as cyber investigation, of the **Insured's** computer network from which sensitive personal information has been accessed in order to determine the manner in which and the date and time of such information was accessed;
- v. to pay a public relations, law, or crisis management firm(s) to perform crisis management services to minimize the potential harm to an individual(s) resulting from unauthorized disclosure or access to sensitive personal information;
- vi. legal expenses to defend the **Insured** in any Privacy Commission Hearing or Inquest by a government body.

"**Privacy Failure**" shall mean:

- 1) unauthorized use, collection, or dissemination of private information that may include social insurance number, healthcare information, drivers' license, passport number and or any other information that is customarily deemed to be private and sensitive.
- 2) any resulting breach of federal, provincial, state or local identity theft and privacy protection laws requiring commercial entities that collect personal information to post privacy policies, adopt specific privacy controls, or notify individuals in the event that personal information has potentially been compromised, which includes the Personal Information and Electronic Documents Act (PIPEDA).
- 3) Also includes the actual failure and inability of the **Insured** to prevent by all reasonable means:
 - i. the unauthorized use of or access to the **Insured's** computer network;
 - ii. transmittance or reception of unauthorized corrupting or harmful piece of code, computer virus or similar program; or
 - iii. the physical theft of hardware or firmware controlled by the **Insured** on which data is stored from premises occupied and controlled by the **Insured**.