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Beazley Claims Service

Delivering great claims service is one of Beazley's top priorities. Our Claims Service Standards highlight what our stakeholders can expect when working with our Claims Team – expertise, responsiveness, partnership, fairness, and accountability. Please visit www.beazley.com to read more about our Claims Service Standards under Our Approach to Claims.

Beazley Breach Response Section

Breach Response, Data & Network Liability, Regulatory Defense & Penalties and Payment Card Liabilities & Costs

Coverages

Bodily Injury

To pay **damages** and **defense costs** resulting from any **claim** first made against any **insured** during the **policy period** for **bodily injury** caused by a **security breach**.

Breach Response

To provide **breach response services** to the **insured organization** because of an actual or reasonably suspected **data breach** or **security breach** that the **insured** first discovers during the **policy period**.

Data & Network Liability

To pay **damages** and **defense costs** resulting from any **claim** first made against any **insured** during the **policy period** for:

- (a) a **data breach**;
- (b) a **security breach**;
- (c) the **insured's organization's** failure to timely disclose a **data breach** or **security breach**; or
- (d) failure by the **insured** to comply with that part of a **privacy policy** that specifically:
 - i. prohibits or restricts the **insured organization's** disclosure, sharing or selling of **personally identifiable information**;
 - ii. requires the **insured organization** to provide an individual access to **personally identifiable information** or to correct incomplete or inaccurate **personally identifiable information** after a request is made; or
 - iii. mandates procedures and requirements to prevent the loss of **personally identifiable information**;

provided the acts, errors or omissions that constitute such failure to comply with a **privacy policy** occurs on or after the **retroactive date** and before the end of the **policy period** and the **insured organization** has in force, at the time of such failure, a **privacy policy** that addresses those subsections above that are relevant to such **claim**.

Regulatory Defense & Penalties

To pay **penalties** and **defense costs** resulting from a **regulatory proceeding** first made against any **insured** during the **policy period** for a **data breach** or a **security breach**.



Payment Card Liabilities & Costs

To indemnify the **insured organization** for **PCI fines, expenses and costs** resulting from any **claim** first made against any **insured** during the **policy period**.

Exclusions from cover

The **insurance company** will not be liable for any **loss** or **claim**:

Bodily Injury and Property Damage

arising out of, based upon or attributable to any **bodily injury** or **property damage**.

This Exclusion will not apply to **bodily injury** caused by a **security breach**.

Gathering or Distribution of Information

arising out of, based upon or attributable to:

- (a) the unlawful collection or retention of **personally identifiable information** or other personal information by or on behalf of the **insured organization**.

This Exclusion will not apply to **defense costs** incurred in defending the **insured** against allegations of unlawful collection of **personally identifiable information**; or

- (b) the distribution of unsolicited email, text messages, direct mail, facsimiles or other communications, wire tapping, audio or video recording, or telemarketing, if such distribution, wire tapping, recording or telemarketing is done by or on behalf of the **insured organization**.

This Exclusion will not apply to **defense costs** incurred in defending the **insured** against allegations of unlawful audio or video recordings;

Governmental Actions

brought by or on behalf of any state, federal, local or foreign governmental entity in such entity's regulatory or official capacity.

This Exclusion will not apply to Regulatory Defense & Penalties Coverage.

Other Insureds

arising out of, based upon or attributable to any **claims** brought against any **insured** by another **insured**.

This Exclusion will not apply to an otherwise covered **claim** under parts (a), (b) and (c) of the Data & Network Liability Coverage, made by a current or former **employee** of the **insured organization**.

Patent, Software Copyright, Misappropriation or Information

arising out of, based upon or attributable to:

- (a) infringement, misuse or abuse of patent or patent rights;
- (b) infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or **unauthorized access or use** of software code by a person who is not a past, present or future employee, directors, officer, partner or independent contract of the **insured organization**; or



- (c) use or misappropriation of any ideas, trade secrets or **third party information** (i) by, or on behalf of, the **insured organization**, or (ii) by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the **control group**.

Prior Knowledge and Prior Notice

arising out of, based upon or attributable to:

- (a) any act, error, omission, incident or event committed prior to the inception date if any member of the **control group** on or before the **continuity date** knew or could have reasonably foreseen that such act, error, omission, incident or event might be expected to be the basis of a **claim** or **loss**; or
- (b) any **claim**, **loss**, incident or circumstance of which notice has been provided under any prior policy of which this Policy is a renewal or replacement.

Trading Losses, Loss of Money & Discounts

arising out of, based upon or attributable to:

- (a) any trading losses, trading liabilities or change in value of accounts;
- (b) any loss, transfer or theft of monies, securities or tangible property of the **insured** or others in the care, custody or control of the **insured organization**;
- (c) the monetary value of any transactions or electronic fund transfers by or on behalf of the **insured** which is lost, diminished, or damaged during transfer from, into or between accounts; or
- (d) the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount.

Claim Requirements and Information

Notification of Claims

As a condition to coverage under this Policy, the **insured** must give notice to the **insurance company** of any **claim** made against the **insured** as soon as practicable but in no event later than 30 days after the end of the **policy period**.

With respect to **breach response services**, the **insured** must notify the **insurance company** of any actual or reasonably suspected **data breach** or **security breach** as soon as practicable after discovery by the **insured**, but in no event later than 30 days after the end of the **policy period**. Notice must be provided to the breach response services team listed in the Declarations. Notice of an actual or reasonably suspected **data breach** or **security breach** in conformance with this paragraph will also constitute notice of a circumstance that could reasonably be the basis for a **claim**.

Any **claim** arising out of a **loss** that is covered under Breach Response Coverage and that is reported to the **insurance company** in conformance with the foregoing will be considered to have been made during the **policy period**.

Notification of Circumstances

The **insured** may during the **policy period** notify the **insurance company** of any fact or circumstance which could reasonably give rise to a **claim**.

Any notice must include:



- (a) the reasons why the **insured** reasonably anticipates that such fact or circumstance could give rise to a **claim**, and
- (b) full particulars of the dates, acts and persons involved (where available).

If a **claim** is made after the end of the **policy period** and arises from a fact or circumstance reported under this provision, then such **claim** will be deemed to have been made at the same time as the fact or circumstance was reported to the **insurance company**.

Related Claims

All **related claims**:

- (a) are considered a single **claim** for the purpose of this Policy, irrespective of the number of claimants or **insureds** involved in the **claim**, and
- (b) are deemed to have been made at the time of the first such **claim**, and
- (c) will be treated by the **insurance company** as having been reported when the first of such **claims** was reported or is deemed to have been reported to the **insurance company**.

Notice to the Insurance Company

All notices to the **insurance company** must be sent either by e-mail to or by mail to the address specified in the Declarations.

Defense and settlement

- (a) Duties

Except with respect to Payment Card Liability & Costs Coverage, the **insurance company** has the right and duty to defend: (i) any **claim** against the **insured** seeking amounts which are payable under the terms of this Policy, even if any part of such **claim** is groundless, false or fraudulent. Defense counsel will be mutually agreed by the **named insured** and the **insurance company** but, in the absence of such agreement, the **insurance company's** decision will be final.

With respect to Payment Card Liability & Costs Coverage, coverage will be provided on an indemnity basis and legal counsel will be mutually agreed by the **named insured** and the **insurance company** and will be selected from one of the firms listed in the Information Packet.

The **insurance company** will pay actual loss of salary and reasonable expenses resulting from the attendance by a corporate officer of the **insured organization** at any mediation meetings, arbitration proceedings, hearings, depositions, or trials relating to the defense of any **claim**, subject to a maximum of USD 2,000 per day and USD 100,000 in the aggregate, which amounts will be part of and not in addition to the Policy aggregate limit of liability.

- (b) Consent to **defense costs**

The **insurance company** will not be obligated to pay **defense costs** unless it has given prior written consent to such **defense costs** being incurred (except if expressly specified in this Policy that prior consent is not first required).

- (c) Settlement of claims

The **insured** cannot admit liability, make any payment, assume any obligation, incur any expense, enter into any settlement, stipulate to any judgment or dispose of any **claim** without the prior written consent of the **insurance company**. Compliance with a **breach notice law** will not be considered an admission of liability.

If the **insured** refuses to consent to any settlement recommended by the **insurance company** and acceptable to the claimant, the **insurance company's** liability for **loss** will not exceed:



- i. the amount for which the **claim** could have been settled, less the remaining Retention, plus
- ii. the **defense costs** incurred up to the time of such refusal;

or the applicable Limit of Liability, whichever is less, and the **insurance company** will have the right to withdraw from the further defense of such **claim**.

General Conditions

Change of Law, Unavailability of Breach Response Services

If there is a change of law, regulation or enforcement that prevents the **insurance company** or its providers from providing all or part of the **breach response services**, or if a provider is unable to or does not provide **breach response services**, the **insurance company** will make reasonable efforts to procure similar services from other sources. In such event, the maximum the **insurance company** will pay for the costs of procuring and providing all **breach response services**, including substitute products and services, will be no more than USD 10,000,000 in the aggregate for the **policy period**, which amount will be in addition to the Policy aggregate limit of liability. If it is not reasonably possible for the **insurance company** to procure substitute products or services, the **insurance company** will not be obligated to provide such services.

Definitions

The following definitions are applicable to these Coverages:

breach notice law means any statute or regulation that requires notice to persons whose personal information was accessed or reasonably may have been accessed by an unauthorized person.

breach notice law includes any statute or regulation requiring notice of a **data breach** to be provided to governmental or regulatory authorities.

breach response services means the following fees and costs in response to an actual or reasonably suspected **data breach** or **security breach**:

- (a) for an attorney to provide necessary legal advice to the **insured organization** to evaluate its obligations pursuant to **breach notice laws** or a **merchant services agreement** and in connection with providing the **breach response services** described below;
- (b) for a computer security expert to determine the existence, cause and scope of an actual or reasonably suspected **data breach**, and if such **data breach** is actively in progress on the **insured organization's computer systems**, to assist in containing it;
- (c) for a PCI Forensic Investigator to investigate the existence and extent of an actual or reasonably suspected **data breach** involving payment card data and for a Qualified Security Assessor to certify and assist in attesting to the **insured organization's** PCI compliance, as required by a **merchant services agreement**;
- (d) to notify those individuals whose **personally identifiable information** was potentially impacted by a **data breach** exceeding the **notified individuals threshold**;
- (e) to provide a call center to respond to inquiries about a **data breach** that exceeds the **notified individuals threshold**;



- (f) to provide a credit monitoring, identity monitoring or other solution listed in the Information Packet to individuals whose **personally identifiable information** was potentially impacted by a **data breach** exceeding the **notified individuals threshold**; and
- (g) public relations and crisis management costs directly related to mitigating harm to the **insured organization** which are approved in advance by the insurance company in their discretion.

breach response services will be provided by providers listed in the Information Packet, will be subject to the terms and conditions of this Policy and the Information Packet, and will not include any internal salary or overhead expenses of the **insured organization**. **Breach response**

services also includes assistance from the BBR Services Team and access to **education and loss prevention tools**.

claim means:

- (a) a written demand for monetary damages or services (including any request to toll or waive a statute of limitations);
- (b) a civil or administrative proceeding;
- (c) an arbitration, mediation or other form of alternative dispute resolution proceeding;
- (d) with respect to Regulatory Defense & Penalties Coverage, institution of a **regulatory proceeding** against any **insured**; or
- (e) with respect to part (a) of Data & Network Liability Coverage, a demand received by any **insured** to fulfil the **insured organization's** contractual obligation to provide notice of a **data breach** pursuant to a **breach notice law**.

computer systems means computers, any software residing on such computers and any associated devices or equipment:

- (a) operated by and either owned by or leased to the **insured organization**; or
- (b) with respect to Breach Response, Data & Network Liability, Regulatory Defense & Penalties, Payment Card Liabilities & Costs Coverages, operated by a third party pursuant to written contract with the **insured organization** and used for the purpose of providing hosted computer application services to the **insured organization** or for processing, maintaining, hosting, or storing the **insured organization's** electronic data.

continuity date means:

- (a) the Continuity Date listed in the Declarations; and
- (b) with respect to any **subsidiaries** acquired after the Continuity Date listed in the Declarations, the date the **named insured** acquired such **subsidiary**.

damages means judgments (including pre and post-judgment interest), awards and settlements incurred by the **insured**.

damages will not include:

- (a) future profits, restitution, disgorgement of unjust enrichment or profits by an **insured**, or the costs of complying with orders granting injunctive or equitable relief;
- (b) return or offset of fees, charges or commissions charged by or owed to an **insured** for goods or services already provided or contracted to be provided;
- (c) taxes or loss of tax benefits;
- (d) fines, sanctions or penalties;



- (e) punitive or exemplary damages or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such damages;
- (f) discounts, coupons, prizes, awards or other incentives offered to the **insured's** customers or clients;
- (g) liquidated damages, but only to the extent that such damages exceed the amount for which the **insured** would have been liable in the absence of such liquidated damages agreement;
- (h) fines, costs or other amounts an **insured** is responsible to pay under a **merchant services agreement**;
- (i) any amounts for which the **insured** is not liable, or for which there is no legal recourse against the **insured**; or
- (j) any amounts deemed uninsurable by law.

data breach means the theft, loss, or **unauthorized disclosure** of **personally identifiable information** or **third party information** that is in the care, custody or control of the **insured organization** or a third party for whose theft, loss or **unauthorized disclosure** of **personally identifiable information** or **third party information** the **insured organization** is liable, provided such theft, loss or **unauthorized disclosure** occurs on or after the **retroactive date** and before the end of the **policy period**.

defense costs means:

- (a) reasonable legal fees, costs and expenses necessarily incurred by or on behalf of the **insured** in connection with the investigation, defense, settlement or appeal of a **claim**;
- (b) all other fees, costs and expenses incurred by or on behalf of the **insured** with the **insurance company's** prior written consent; and
- (c) premiums for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required for a **claim** against any **insured**. However, the insurance company will have no obligation to appeal or to obtain such bonds.

defense costs will not include the salary of any **insured**, the cost of their time or costs or overheads of the **insured organization**.

education and loss prevention tools means information and services made available by the **insurance company** from time to time and includes access to beazleybreacholutions.com, a dedicated portal through which **insureds** can access news and information regarding breach response planning, data and network security threats, best practices in protecting data and networks, offers from third party service providers, and related information, tools and services. **Insureds** will also have access to communications addressing timely topics in data security, loss prevention and other areas.

financial institution means a bank, credit union, saving and loan association, trust company or other licensed financial service, securities broker-dealer, mutual fund, or liquid assets fund or similar investment company where the **insured organization** maintains a bank account.

independent contractor means any natural person who performs labor or service for the **insured organization** pursuant to a written contract or agreement with the **insured organization**. The status of an individual as an **independent contractor** will be determined as of the date of an alleged act, error or omission by any such **independent contractor**.

insured means:

- (a) the **insured organization**;



- (b) a director, executive officer, stockholder, **manager** or administrator of the **insured organization**, but only with respect to the performance of his or her duties as such for the **insured organization**.
- (c) an **employee**, volunteer worker or **independent contractor** of the **insured organization**, but only with respect to the performance of his or her duties as such for the **insured organization**;
- (d) a partner or member if the **named insured** is a partnership or joint venture, but only with respect to his or her liability as such on behalf of the **insured organization**;
- (e) any person who previously qualified as an **insured** under parts (a) and (b) above, but only with respect to the performance of his or her duties as such on behalf of the **insured organization**;
- (f) the estate, heirs, legal representative, trusts, estate planning vehicles or assigns of any **insured** in the event of their death, incapacity or bankruptcy; and
- (g) the lawful spouse, including any natural person qualifying as a domestic partner or any **insured**, but solely by reason of any act, error or omission of an **insured** other than such spouse or domestic partner.

loss means:

- (a) **damages**;
- (b) **defense costs**;
- (c) **breach responses services**;
- (d) **PCI fines, expenses and costs**; or
- (e) **penalties**;

merchant services agreement means any agreement between an **insured** and a financial institution, credit/debit card company, credit/debit card processor or independent service operator enabling an **insured** to accept credit card, debit card, prepaid card or other payment cards for payments or donations.

notified individuals threshold means the number of individual persons listed in the Declarations.

PCI fines, expenses and costs means the monetary amount owed by the **insured organization** under the terms of a **merchant services agreement** as a direct result of a suspected **data breach**. With the prior consent of the **insurance company**, **PCI fines, expenses and costs** includes reasonable and necessary legal costs and expenses incurred by the **insured organization** to appeal or negotiate an assessment of such monetary amount. **PCI fines, expenses and costs** will not include any charge backs, interchange fees, discount fees or other fees unrelated to a **data breach**.

penalties means:

- (a) any monetary civil fine or penalty payable to a governmental entity that was imposed in a **regulatory proceeding**; and
- (b) amounts which the **insured** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **regulatory proceeding** (including such amounts required to be paid into a "Consumer Redress Fund").

penalties will not include:

- i. costs to remediate or improve **computer systems**;
- ii. costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies;



- iii. audit, assessment, compliance or reporting costs; or
- iv. costs to protect the confidentiality integrity and/or security of **personally identifiable information** or other information.

The insurability of **penalties** will be in accordance with the law in the applicable venue that most favors coverage for such **penalties**.

personally identifiable information means:

- (a) any information concerning an individual that is defined as personal information under any **breach notice law**; and
- (b) an individual's drivers license or state identification number, social security number, unpublished telephone number, and credit, debit or other financial account numbers in combination with associated security codes, access codes, passwords or PINs; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medical record information.

but will not include information that is lawfully made available to the general public.

privacy policy means the **insured organization's** public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to **personally identifiable information**.

regulatory proceeding means a request for information, civil investigative demand, or civil proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity.

related claims means all **claims** arising from the same or a series of related, repeated or continuing acts, errors, omissions or events.

security breach means a failure of computer security to prevent:

- (a) **unauthorized access or use of computer systems**, including **unauthorized access or use** resulting from the theft of a password from a **computer system** or from any **insured**;
- (b) a denial of service attack affecting **computer systems**;
- (c) a denial or service attack affecting **computer systems** that are not owned, operated or controlled by an **insured**; or
- (d) infection of **computer systems** by malicious code or transmission of malicious code from **computer systems**;

provided that such act or incident occurs on or after the **retroactive date** and before the end of the **policy period**.

third party information means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this Policy which is not available to the general public.

unauthorized access or use means the gaining of access to or use of **computer systems** by an unauthorized person(s) or the use of **computer systems** in an authorized manner.

unauthorized disclosure means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the **insured organization** and is without knowledge of consent or acquiescence of any member of the control group.

