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P R I V A T E   &   C O N F I D E N T I A L

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**Date:** August 29, 2017

<b>To:</b>	David Morritt	Barry Bresner	Michael Swartz
	William Scott	Daniel MacDonald	Gordon Goodman
	Donald Milner	Julia Holland	
	Nicholas Leblovic	Ken Crofoot	

**Copy:** Patrick Mahoney

**From:** Joe Tontini and Ryan Durrell

**Re:** Report on the CLLAS Cyber Insurance Initiative

**INTRODUCTION**

There has been a flurry of activity since our last Board meeting and follow-up correspondence on the subject of cyber insurance. We have received applications from three CLLAS firms and bound coverage for two. As reported in previous correspondence, Ascent Underwriting through Ridge Canada had provided the most competitive terms and conditions compared to other leading cyber insurance markets. Ascent/Ridge have also been extremely helpful in agreeing to policy enhancements and recognizing the unique requirements of the CLLAS firms. Our objective over the next few months is to assist the remaining CLLAS firms in completing the cyber application and securing the best available coverage. We are also building up the limits of available coverage and refining the policy wording as needed.

This Memorandum provides further details on the CLLAS cyber initiative.

**CLLAS Cyber Application**

The CLLAS Cyber application has been simplified and the latest version is set forth in Attachment A to this Memorandum. We have received two completed and signed applications and one that was still in draft form. The two signed applications resulted in formal quotes and binding of coverage. When the formal quotes were received, underwriters asked for the following additional information:

- The number of Personally Identifiable Information (PII) held by the firm's computer network and type of PII being retained; and
- How sensitive information is protected in the absence of encryption.

If a third-party network service provider fails to provide service due to a cyber event resulting in impairment of the firm's network, coverage can be enhanced to include this contingent business interruption exposure. Underwriters have added questions related to the reviews and vetting procedures that are in place with these third-party service providers and confirmation that the firm has appropriate indemnification in the firm's favour with such vendors.

### **Cyber Quotes**

The two cyber quotes that were received were primarily rated on firm revenue and were very close to the premium indications that were provided by Ascent/Ridge in previous correspondence. You will recall that Ascent did not differentiate between firms that were noted as having exceptional cyber security and those firms who just had good cyber security, however, their premiums were more competitive than the premium indications provided. Ascent is a Managing General Agent underwriting on behalf of a number of Lloyd's syndicates. Ridge Canada is affiliated with Ridge Global specializing in cyber security and insurance solutions. The following should also be noted about the quotes from Ascent/Ridge that have been received:

- Quotes for \$5, \$10 and \$20 million are available at extremely competitive premiums;
- Additional limits are also available at minimum premiums per \$ million of coverage;
- Contingent Business Interruption coverage was also quoted with an additional premium of 7.5%;
- Electronic Theft, Computer Fraud, Telecommunication Fraud and Social Engineering Fraud are included with a sub-limit of \$250,000;
- We have asked for additional limits for theft and fraud coverage but underwriters insist that such coverage should be secured with the law firm's crime underwriter;
- Prior acts coverage can usually be included if a network security audit was performed within the past two years;
- The wording has been amended to expand the definitions of Insured, Computer Fraud and Social Engineering Fraud to accommodate the specific needs of CLLAS firms;
- A broker commission of 15% is included in the premium and we will apply any such commission to reducing the overall CLLAS fees charged by Axxima;
- Once a completed and signed application is received, we can usually secure a firm quote within two to three business days.

### **Policy Committee Review**

We did review the wordings of most of the leading cyber carriers and concluded that Ascent's wording was broad and competitive. Ascent was also willing to modify its wording to address the specific requirements of CLLAS firms. The only drawback to the Ascent offering, which some CLLAS firms may consider as a benefit, is Ascent's insistence on managing the claims with their approved service providers and forensic specialists. We have no doubt some of the CLLAS firms already have appropriate cyber contingency plans in place, but we believe that tapping into the Ascent claims management protocol will not only be helpful and efficient, it would likely lead to a better CLLAS cyber claims protocol for the future. Experience is the best teacher and, while we would not want any CLLAS firm to suffer a cyber loss, the experience of going through a claim with the Ascent service providers will contribute to the knowledge and negotiation of improved claims handling in the future.

While a similar wording and service comparison can be conducted by the CLLAS Policy Committee on the leading cyber carriers, we would suggest that a more valuable use of the Committee's time would be to review the CLLAS specific endorsements that have been negotiated to ensure that they are appropriate and in synch with the cyber coverage that currently exists under the CLLAS professional liability policies. Attachment B, sets forth the current Ascent wordings and endorsements. Notwithstanding any work done by the Policy Committee, we should not delay binding coverage for other interested CLLAS firms as enhancements that the Policy Committee may recommend can always be negotiated at the next renewal.

### **Conclusion**

Cyber coverage is changing rapidly and CLLAS firms are encouraged to take advantage of this group buy opportunity before the market gets cold feet. If the market continues to be competitive, then we can negotiate improved terms on behalf of CLLAS in subsequent renewals, especially if and when a significant number of the CLLAS firms participate. If this becomes a coverage that all firms participate in, then we would likely recommend that CLLAS consider retaining some of the risk in future renewals.

Encl.  
ad-bd\_1708\_Report to Board re Cyber Initiative



# CyberPro Law Firm Application form

As used throughout this application, “you” means the person signing the application, as well as the entity(ies) seeking insurance and the applicant’s principals, partners, directors, risk managers, or employees that are in a supervisory role. The questions contained in this application pertain to all persons or entities seeking insurance, and not just the signatory

Please answer all the questions on this form. Before any question is answered please carefully read the declaration at the end of the application form, which you are required to sign. Underwriters will rely on the statements that you make on this form. In this context, ANY INSURANCE COVERAGE THAT MAY BE ISSUED BASED UPON THIS FORM WILL BE VOID IF THE FORM CONTAINS FALSEHOODS, MISREPRESENTATIONS, OR OMISSIONS. PLEASE TAKE CARE IN FILLING OUT THIS FORM.

You may provide any further additional information by means of a separate attachment if necessary.

## 1. General Information

a.	Name of Firm(s)		
b.	Names of any wholly owned subsidiaries		
c.	Address	d. Website	
e.	Date firm established	DD	MM YY
f.	If you have been involved in any mergers and acquisitions within the last three years then please provide full details:		

## 2. Operational Information

a.	Next financial year end	DD	MM	YY	b. Currency		c. # of employees	
d.	Annual gross revenue	Last year		Current year		Next year (est.)		
e.	Gross profit	Last year		Current year		Next year (est.)		

# CyberPro Application

## 2. Operational Information Continued

h. Percentage of last year's annual revenue generated from the following jurisdiction

1. Canada

 %

2. USA

 %

3. Other

 %

i. How many PII's are retained within your computer network, databases, files and records?

(PII is defined as a personally identifiable record on an individual that can be used to identify, contact or locate a single individual)

j. Identify the type of PII retained on your network

1. Payment card data Yes ☐ No ☐

2. Healthcare data Yes ☐ No ☐

3. Other PII Yes ☐ No ☐

If you have answered 'Yes' to 'j3. Other PII' please provide details of the nature of this PII.

## 3. Network Dependency

a. Usual daily hours of operation

b. Indicate time after which the inability for staff to access your internal computer network and systems would have a significant impact on your business:

Immediately ☐ After 6 hrs ☐ After 12 hrs ☐ After 24 hrs ☐ After 48 hrs ☐ Never ☐

c. Indicate time after which the inability for customers to access your networks would have a significant impact on your business:

Immediately ☐ After 6 hrs ☐ After 12 hrs ☐ After 24 hrs ☐ After 48 hrs ☐ Never ☐

d. Provide brief details below, of the impact on your business if your internal network or applications should fail or be disrupted (include commercial relations, revenues and image):

## 4. Business Continuity

a. Briefly describe your recovery/continuity plans to mitigate or avoid business interruption due to network failure, which may include outsourcing, additional employment, system redundancy etc.

  


b. Is this plan regularly tested and updated?

Yes ☐ No ☐

c. Have you recently carried out a network security audit?

Yes ☐ No ☐

If 'Yes', who performed the audit and when was it remediated

Audited by	DD	MM	YY
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d. Was any serious concern raised with any aspect of the network?

Yes ☐ No ☐

If 'Yes' to (d) above, please confirm that concerns were remediated.

Yes ☐ No ☐

# CyberPro Application

## 5. Third Party Service Providers

If you outsource any element of your network please provide details:

a. Web hosting	(Name of Service Provider) <input type="text"/>	d. Data processing	(Name of Service Provider) <input type="text"/>
b. Security services	(Name of Service Provider) <input type="text"/>	e. Point of sale/Payment card processing	(Name of Service Provider) <input type="text"/>
c. ASP	(Name of Service Provider) <input type="text"/>	f. Other	(Detail of service) <input type="text"/>

g. Do you have appropriate indemnification provisions in your favour in contracts with these third party service providers and partners? Yes ☐ No ☐

h. Provide details of what reviews and vetting procedures are in place with these third party service providers:

## 6. Network Security

a. Do you employ a Chief Privacy Officer or Chief Information Officer who has responsibility for meeting your worldwide obligations under privacy and data protection laws?	Yes <input type="checkbox"/> No <input type="checkbox"/>
b. Does your security and privacy policy include mandatory training for all lawyers & employees?	Yes <input type="checkbox"/> No <input type="checkbox"/>
c. Are all employment positions analysed and employees assigned specified rights, privileges and unique user ID and passwords, which are changed periodically?	Yes <input type="checkbox"/> No <input type="checkbox"/>
d. Do you have user revocation procedures on user accounts and inventoried recovery of all information assets following employment termination?	Yes <input type="checkbox"/> No <input type="checkbox"/>
e. Do you conduct regular reviews of your third party service providers and partners to ensure that they meet your requirements for protecting sensitive information in their care?	Yes <input type="checkbox"/> No <input type="checkbox"/>
f. Do you have antivirus software on all computer devices, servers and networks which are updated in accordance with the software providers' recommendations?	Yes <input type="checkbox"/> No <input type="checkbox"/>
g. Do you have firewalls and intrusion monitoring detection in force to prevent and monitor unauthorized access?	Yes <input type="checkbox"/> No <input type="checkbox"/>
h. Do you ensure that all wireless networks have protected access?	Yes <input type="checkbox"/> No <input type="checkbox"/>
i. Do you have access control procedures and hard drive encryption to prevent unauthorized exposure of data on all laptops, PDAs, smartphones and portable devices?	Yes <input type="checkbox"/> No <input type="checkbox"/>
j. Do you encrypt all sensitive information that is transmitted within and from your firm?	Yes <input type="checkbox"/> No <input type="checkbox"/>
k. Is sensitive information stored on segregated servers with separate access controls?	Yes <input type="checkbox"/> No <input type="checkbox"/>
l. Is all sensitive and confidential information stored on your databases, servers and data files encrypted?	Yes <input type="checkbox"/> No <input type="checkbox"/>

If you answer 'No' to questions (h), (i), (j), (k) above, please provide details below, briefly describing the nature of the unprotected information and what security measures are in force to protect this information in the absence of encryption:

# CyberPro Application

## 7. Information and Data Management

- a. Does your information asset programme include a data classification standard (e.g. public, internal use only, confidential)? Yes ☐ No ☐
- b. Do you post a privacy policy on your website? Yes ☐ No ☐
- c. Does your privacy policy include a legally reviewed statement advising users as to how any information collected will be used, and for what purposes? Yes ☐ No ☐
- d. Do you have procedures in force for honouring the specific marketing "opt-out" requests of your clients that are consistent with the terms of your published privacy policy? Yes ☐ No ☐
- e. Do you have procedures in place to monitor the period for which client data is held and have processes for deleting this information at the end of that period? Yes ☐ No ☐
- f. Do you have procedures in force for deleting all sensitive data from systems and devices prior to their disposal from the company? Yes ☐ No ☐
- g. Is all information held in physical form (paper, disks, CD's etc) disposed of or recycled by confidential and secure methods, which are recognized throughout the organisation? Yes ☐ No ☐
- h. Do you keep an incident log of all system security breaches and network failures? Yes ☐ No ☐
- i. Have you identified all relevant regulatory and industry compliance frameworks? Yes ☐ No ☐
- If 'Yes' please provide details:

### Compliant

Gramm-Leach Bliley Act of 1999

Yes ☐

Health Insurance Portability & Accountability Act of 1996

Yes ☐

Payment Card Industry (PCI) Data Security Standard

Yes ☐

If 'Yes' What level requirement

1 ☐ 2 ☐ 3 ☐ 4 ☐

Other (provide details)

### Date of latest audit




## 8. Multimedia and Intellectual Property Procedures

- a. Do you have a process in force to obtain a legal review of all media content and advertising materials prior to release? Yes ☐ No ☐
- b. Do you have a process in force to vet all content and media releases for trademark and copyright clearance and ensure consent of use is obtained before release? Yes ☐ No ☐
- c. If you use freelance designers or obtain content from third parties do you have legally reviewed contracts in force outlining the rights and responsibilities of each party and ensure that you are held harmless in respect of content provided to you? Yes ☐ No ☐ NA ☐
- d. Do you have client acceptance/sign off for content? Yes ☐ No ☐
- e. Do you have appropriate take down procedures in respect of any user generated content? Yes ☐ No ☐

If 'No' to any questions within this section, please provide full details:

# CyberPro Application

## 9. Claims and Circumstances

During the last three years have you:

- a. Sustained any unscheduled or unintentional network outage, intrusion, corruption or loss of data? Yes ☐ No ☐
- b. Received notice or become aware of any privacy violations or that any data or personally identifiable information has become compromised? Yes ☐ No ☐
- c. Notified any customers that their information may have been compromised? Yes ☐ No ☐
- d. Been subject to any disciplinary action, regulatory action, or investigation by any governmental, regulatory or administrative agency? Yes ☐ No ☐
- e. Received any injunction(s), lawsuit(s), fine(s), penalty(s) or sanction(s)? Yes ☐ No ☐
- f. Become aware of any circumstance or incident that could be reasonably anticipated to give rise to a claim against the type of insurance(s) being requested in this application? Yes ☐ No ☐
- g. Have you or any of the applicant's principals, partners, directors, risk managers, or employees, during the last five years, sustained any loss or had any claim made against them, whether insured or otherwise, involving the type of insurance(s) being requested in this application? Yes ☐ No ☐
- If 'Yes' to any questions within this section, please provide full details:


## 10. Previously Purchased Coverage

- a. Do you have insurance in place for the type of coverage being requested in this application? Please provide details.

Insurer	Limits	Deductible	Expiry date			Premium	Retroactive Date		
			DD	MM	YY		DD	MM	YY

- b. Have you ever been refused insurance or had any special terms or conditions imposed by any insurer? Yes ☐ No ☐
- c. Has any insurance for the type of coverage requested in this application been declined or cancelled? Yes ☐ No ☐

If 'Yes' to (b), or (c) above, please provide full details

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# CyberPro Application

## Disclosure

You are not required to disclose convictions regarded as 'spent' by virtue of any rehabilitation of offenders legislation. Any other facts known to you, which are likely to affect acceptance or assessment of the risks proposed for insurance must be disclosed. Should you have any doubt about what you should disclose, do not hesitate to tell us. We recommend you keep a record (including copies of letters) for your future reference, of any additional information given. Making sure we are informed is for your own protection, as failure to disclose may mean that your policy will not provide you with the cover you require, or could invalidate the policy. We reserve the right to decline any proposal.

## Data Protection

By accepting this insurance you consent to Ascent Underwriting using the information we may hold about you for the purpose of providing insurance and handling claims, if any, and to process sensitive personal data about you where this is necessary (for example health information or criminal convictions). This may mean we have to give some details to third parties involved in providing insurance cover. These may include insurance carriers, third party claims adjusters, fraud detection and prevention services, reinsurance companies and insurance regulatory authorities.

Where such sensitive personal information relates to anyone other than you, you must obtain the explicit consent of the person to whom the information relates both to the disclosure of such information to us and its use by us as set out above. The information provided will be treated in confidence and in compliance with relevant Data Protection legislation. You have the right to apply for a copy of your information (for which we may charge a small fee) and to have any inaccuracies corrected.

## IMPORTANT – Cyber Pro Policy Statement of Fact

By accepting this insurance you confirm that the facts contained in the proposal form are true. These statements, and all information you or anyone on your behalf provided before we agree to insure you, are incorporated into and form the basis of your policy. If anything in these statements is not correct, we will be entitled to treat this insurance as if it had never existed. You should keep this Statement of Fact and a copy of the completed proposal form for your records.

This application must be signed by the applicant. Signing this form does not bind the company to complete the insurance. With reference to risks being applied for in the United States, please note that in certain states, any person who knowingly and with intent to defraud any insurance company or other person submits an application for insurance containing any false information, or conceals the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

The undersigned is an authorized principal, partner, director, risk manager, or employee of the applicant and certifies that reasonable inquiry has been made to obtain the answers herein which are true, correct and complete to the best of his/her knowledge and belief. Such reasonable inquiry includes all necessary inquiries to fellow principals, partners, directors, risk managers, or employees to enable you to answer the questions accurately.

Name
Signed

Position
Date





# CyberPro Policy

**THIS POLICY CONTAINS A CLAUSE WHICH MAY LIMIT THE AMOUNT PAYABLE.**

**THIS POLICY IS A CLAIMS MADE AND REPORTED POLICY WITH DEFENSE COSTS, EXPENSES OR ANY OTHER AMOUNT COVERED BY THIS POLICY INCLUDED WITHIN THE LIMIT EXCEPT AS OTHERWISE MIGHT BE PROVIDED WITHIN ANY ATTACHED ENDORSEMENTS. THIS POLICY COVERS ONLY CLAIMS FIRST MADE AND REPORTED TO US DURING THE POLICY PERIOD AND ARISING FROM ANY WRONGFUL ACTS, FACTS, OR CIRCUMSTANCES THAT WERE FIRST COMMITTED OR OCCURRED ON OR AFTER THE RETROACTIVE DATE BUT BEFORE THE END OF THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD, IF APPLICABLE. ALL CLAIMS ARE SUBJECT TO THE APPLICABLE LIMITS OF LIABILITY AND THE APPLICABLE DEDUCTIBLE(S) AS STATED IN THE DECLARATIONS, WHICH ARE CONSIDERED TO BE PART OF THIS POLICY.**

**TERMS THAT APPEAR IN BOLD FACE TYPE ARE DEFINED TERMS IN THIS POLICY AND HAVE SPECIAL MEANING. PLEASE READ THIS POLICY CAREFULLY.**

**You** have purchased some or all of the Insuring Modules contained within this policy. The Insuring Modules purchased are what **we** cover. Please refer to the Declarations, which show the Insuring Module(s) **you** have purchased. If an Insuring Module(s) has not been purchased, that portion of this policy is not applicable and no coverage will be provided under that Insuring Module.



## ASCENT CYBERPRO POLICY (CANADA)

### I. WHAT WE COVER: INSURING MODULES

#### INSURING MODULE 1: (SECURITY AND PRIVACY LIABILITY)

We shall pay on **your** behalf **damages** and **claims expenses** that exceed **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, arising from an actual or alleged **security and privacy wrongful act(s)** for which **you** are legally liable provided that such act(s) occurred on or after the **retroactive date**.

#### INSURING MODULE 2: (MULTIMEDIA AND INTELLECTUAL PROPERTY LIABILITY)

We shall pay on **your** behalf **damages** and **claims expenses** that exceed **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, resulting from any actual or alleged **multimedia and intellectual property wrongful act(s)** arising during **your multimedia** activities, provided that such act(s) occurred on or after the **retroactive date**.

#### INSURING MODULE 3: (TECHNOLOGY SERVICES)

We shall pay on **your** behalf **damages** and **claims expenses** that exceed **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, arising from an actual or alleged **professional wrongful act(s)**, provided that such act(s) occurred on or after the **retroactive date**.

#### INSURING MODULE 4: (MISCELLANEOUS PROFESSIONAL SERVICES)

We shall pay on **your** behalf **damages** and **claims expenses** that exceed **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, arising from an actual or alleged **professional wrongful act(s)**, provided that such act(s) occurred on or after the **retroactive date**.

#### INSURING MODULE 5: (NETWORK INTERRUPTION AND RECOVERY)

We shall indemnify **you** for **network expenditure** that exceed **your deductible** as stated within item 4 of the Declarations, and for **loss of business income** incurred during the **restoration period** after expiration of the applicable **waiting period** as stated within item 4 of the Declarations, resulting from a **network event** sustained by **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such event(s) occurred on or after the **retroactive date**.

#### INSURING MODULE 6: (EVENT SUPPORT EXPENSES)

We shall indemnify **you** for **event management costs**, **notification expenses**, and **support and credit monitoring expenses** that exceed **your deductible** as stated within item 4 of the Declarations, when such costs and expenses are incurred, following a **security event**, **privacy event**, **social media event** or breach of **privacy regulations** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such event(s) or breach(es) occurred on or after the **retroactive date**.

#### INSURING MODULE 7: (PRIVACY REGULATORY DEFENSE AND PENALTIES)

We shall pay on **your** behalf those amounts that exceed **your deductible** as stated within item 4 of the Declarations, which **you** are legally obligated to pay, including **claims expenses**, as a result of a civil administrative proceeding or regulatory action, including a **regulatory compensatory award**, civil penalty, or fines to the extent insurable by law, imposed by a federal, provincial, territorial, state, governmental or other regulatory body against **you** and notified by **you to us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, as a result of a **privacy event**, **security event**, or breach of **privacy regulations** sustained by **you**, provided that such event(s) or breach(es) occurred on or after the **retroactive date**.

## ASCENT CYBERPRO POLICY (CANADA)

### INSURING MODULE 8: (NETWORK EXTORTION)

We shall indemnify **you** for **network extortion monies** that exceed **your deductible** as stated within item 4 of the Declarations, when such monies are paid by **you** following a **network extortion threat**, to the extent insurable by law and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such threat (s) occurred on or after the **retroactive date**.

### INSURING MODULE 9: (ELECTRONIC THEFT, COMPUTER FRAUD AND TELECOMMUNICATIONS FRAUD)

We shall indemnify **you** for **your** monetary loss that exceed **your deductible** as stated within item 4 of the Declarations sustained from **electronic theft, computer fraud, or telecommunications fraud**, which occurs on **your computer network** and arises from a **security event** sustained by **you** and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such event(s) occurred on or after the **retroactive date**.

### INSURING MODULE 10: (SOCIAL ENGINEERING FRAUD)

We shall indemnify **you** for **your** monetary loss that exceeds **your deductible** as stated within item 4 of the Declarations sustained from **social engineering fraud** and arises from a **security event** sustained by **you** and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such event(s) occurred on or after the **retroactive date**.

### INSURING MODULE 11: (REPUTATIONAL DAMAGE)

We shall indemnify **you** for **reputational damage** incurred during the **restoration period** that exceeds **your deductible** as stated within item 4 of the Declarations arising directly from a **network event** sustained by **you** and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, provided that such **network event** occurred on or after the **retroactive date**.

## II. DEFENSE, SETTLEMENT, AND INVESTIGATION OF CLAIMS

- A. With respect to Insuring Modules 1, 2, 3, 4, and 7, **we** shall have the right and duty to defend any **claim** by a third party against **you** seeking payment under the terms of this policy, even if any of the allegations of the **claim** are groundless, false, or fraudulent, and subject to the Limit of Liability, exclusions, and other terms and conditions of this policy. **You** have the right to select counsel to defend any **claim** notified under this Policy, subject to **our** consent, which shall not be unreasonably withheld
- B. The Limit of Liability available to pay **damages** and as stated within item 3 of the Declarations shall be reduced, and may be completely exhausted, by payment of **claims expenses** or any other amounts covered under the policy. **Damages, claims expenses**, and any other amounts covered under this policy shall be applied against the **deductible**.
- C. **We** shall have the right to make any investigation **we** deem necessary including, without limitation, any investigation with respect to the **application** and statements made in the **application** and with respect to coverage.
- D. With respect to Insuring Modules 1, 2, 3, 4, and 7, if **you** refuse to consent to any settlement or compromise recommended by **us** that is acceptable to the claimant and elect to contest the **claim**, **our** total liability for any **damages, claims expenses**, and other amounts covered under this policy shall not exceed:
  1. The amount for which the **claim** could have been settled, less the remaining **deductible**, plus the **claims expenses** incurred up to the time of such refusal; and
  2. Seventy percent (70%) of any **damages, claims expenses**, or other amounts covered under this policy incurred after the date such settlement or compromise was recommended to **you**. The remaining thirty percent (30%) of such **damages, claims expenses**, or other amounts covered under this policy are to be borne by **you** at **your** own risk and uninsured under this policy.

or the unexhausted portion of the applicable Limit of Liability, whichever is less.

## ASCENT CYBERPRO POLICY (CANADA)

- E. It is further provided that **we** shall not be obligated to pay any **damages, claims expenses**, or any other amounts covered under this policy, or to undertake or continue defense of any suit or proceeding after the applicable Limit of Liability has been exhausted by payment of **damages, claims expenses**, or other amounts covered under this policy and that upon such payment, **we** shall have the right to withdraw from the further defense thereof by tendering control of said defense to **you**.

### III. LIMIT OF LIABILITY

- A. The Limits of Liability set forth in item 3(A) of the Declarations shall be the limit of **our** liability for each **claim** and in the aggregate arising under each Insuring Module, including **claims expenses**, where applicable.
- B. The Limits of Liability set forth in item 3(B) of the Declarations shall be **our** total Limit of Liability under this policy regardless of the number of Insuring Modules that apply, including **claims expenses** where applicable.
- C. Notwithstanding the aggregate Limit of Liability under each Insuring Module as set forth in item 3(A) of the Declarations, all payments made under this policy, regardless of the number of Insuring Modules that apply, will reduce the total Limit of Liability set forth in item 3(B) of the Declarations. In no event will **we** pay more than the total Limit of Liability as set forth in item 3(B) of the Declarations.
- D. All **claims** arising out of the same, related, or continuing acts, facts, or circumstances, without regard to the number of insureds, **claims**, or claimants shall be considered a single **claim** and only one Limit of Liability, as set forth in item 3(A) of the Declarations, will apply. All such **claims** shall be deemed to have been made at the time of the first such **claim**.
- E. In the event that a **claim** is notified by **you**, in accordance with Section XI of this policy, and attaches to more than one Insuring Module, only one Limit of Liability as set forth in item 3(A) of the Declarations shall apply. In such event, at most, only the highest of the applicable Limits of Liability shall apply to such **claim**. **We** have the sole discretion to allocate **claims** paid, if any, against the appropriate applicable Limit of Liability. With regard to such **claim**, in no event shall the amount paid by **us** under any Insuring Module be greater than the Limit of Liability set forth in item 3(A) of the Declarations.
- F. The Limit of Liability for the **extended reporting period**, if applicable, shall be part of and not in addition to the Limit of Liability for the **policy period**.

### IV. DEDUCTIBLE

- A. The **deductible** amount set forth in item 4 of the Declarations shall apply to each and every **claim**. The **deductible** shall be satisfied by **your** payment of amounts covered under the policy. If a **claim** attaches to more than one Insuring Module, only the highest **deductible** applies.
- B. **Your** payment of the applicable **deductible** is a condition precedent to the payment by **us** of any amounts covered under this policy and **we** shall only be liable for the amount in excess of **deductible**, not to exceed **our** total Limit of Liability as stated in item 3 of the Declarations. **You** shall make direct payments within the **deductible** to the appropriate parties.
- C. All **claims** arising out of the same, related, or continuing acts, facts, or circumstances, without regard to the number of insureds, **claims**, or claimants shall be considered a single **claim** and only one **deductible** shall apply. All such **claims** shall be deemed to have been made at the time of the first such **claim**.
- D. **We** will not indemnify **you** in respect of **loss of business income** incurred during the time of the **waiting period** listed in item 4 of the Declarations.

### V. TERRITORIAL LIMITS

This policy applies to any wrongful acts, insured events, breaches or threats detailed under the relevant Insuring Modules, committed, alleged to have been committed or occurring anywhere in the world unless otherwise stated in item 10 of the Declarations.



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### VI. INSURED

The insured means:

- A. The legal entity(s) shown in item 1 of the Declarations;
- B. Any **subsidiary** of the legal entity(s) shown in item 1 of the Declarations, but only with respect to wrongful acts, insured events, breaches or threats as detailed under the relevant Insuring Module that occur while it is a **subsidiary** and otherwise covered by this policy;
- C. Any past, present, or future officer, director, (whether elected, appointed or de facto), trustee, or **employee** of any party described in VI (A) or (B) above, but only while acting within the scope of their duties as such;
- D. In the event that any party described in VI (A) or (B) above is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting within the scope of their duties as such;
- E. Any agent or independent contractor, including distributors, licensees, and sub-licensees, but only while acting on behalf of, at the direction of, or under the control of any party described in VI (A) or (B) above; and
- F. With respect to Insuring Module(s) 1, 2, 3, and/or 4, if purchased, coverage hereunder is extended to any individual(s) or entity(ies) required by contract to be named as an additional insured under this policy but only to the extent of the services as provided by the contract between the party described in VI (A) or (B) above and the individual(s) or entity(ies) and only with respect to **damages and claims expenses** that exceed **your deductible** which they become legally obligated to pay as a result of any **claim** arising solely out of **security and privacy wrongful act(s), multimedia and intellectual property wrongful act(s), and/or professional wrongful act(s)** committed or allegedly committed by the party(ies) described in VI (A) or (B) above. It is a condition precedent to coverage under the foregoing paragraph that:
  - 1. all individuals and entities included in VI (F) above must abide by all of the policy's terms and conditions;
  - 2. all individuals and entities included in VI (F) above must accept and abide by the decisions of **us** and the legal entity(s) shown in item 1 of the Declarations with regard to the handling and resolving of any **claim**; and
  - 3. the **named insured** is authorized to act and agrees to act on behalf of all individual(s) or entity(ies) insured under this policy with respect to all matters pertaining to the insurance afforded by the policy;

Nothing in this policy shall serve to provide coverage for any party described in VI (E) and/or (F) above for **claims** arising out of **security and privacy wrongful act(s), multimedia and intellectual property wrongful act(s), and/or professional wrongful act(s)** committed or allegedly committed by any party described in VI (E) or (F) above.

### VII. DEFINITIONS

- A. **Application** means all application forms, including any attachments thereto, and all other information and materials submitted to **us** by **you** or on **your** behalf in connection with the underwriting of this policy. All such applications, attachments, information, and materials are deemed attached to and incorporated into this policy.
- B. **Bodily injury** means physical injury, sickness, disease, death, mental anguish, mental injury, shock, humiliation or emotional distress sustained by any person.
- C. **Breach of contract** means breach of a written contract(s) with a client to perform **technology services** because of:
  - 1. The **technology services** being negligently performed or containing a material defect;
  - 2. The **technology services** failing to meet any statutory term concerning quality, safety, or fitness for a particular express purpose, or failing to meet an implied duty to exercise that degree of care or skill consistent with applicable industry standards; or
  - 3. Breach of any hold harmless or indemnity provision regarding infringement of intellectual property rights, breach of security, or the confidentiality of information.
- D. **Claim** means:

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1. A written demand for monetary damages or non-monetary relief, a request for a tolling agreement, the service of a civil suit, (including a writ of summons, statement of claim, notice of a civil claim, petition, originating application, motion to institute proceedings, or any like or similar originating proceeding), or institution of arbitration proceedings received by **you**, in which you are required to participate, seeking monetary damages or the threat or initiation of a suit and/or proceeding seeking a temporary restraining order or a preliminary or permanent injunction;
2. A formal civil administrative proceeding or regulatory action to the extent covered by Insuring Module 7;
3. A **network event**;
4. Notification to **us** of the need to incur **event management costs, notification expenses or support and credit monitoring expenses**;
5. A **network extortion threat**; or
6. Notification to **us** that **electronic theft, computer fraud, social engineering fraud** and/or **telecommunications fraud** has occurred.

**E. Claims expenses** means:

1. Reasonable and necessary legal costs and expenses incurred solely to defend a **claim** and incurred with **our** consent and charged by an attorney(s) approved by **us**;
2. All other reasonable and necessary fees, costs, and expenses resulting from the investigation, adjustment, defense, and appeal of a **claim**, if incurred by **us**, or by **you** with **our** written consent; or
3. With respect to Insuring Modules 1 and 7, **your** reasonable and necessary legal costs and expenses incurred with **our** consent in the defense of any civil administrative proceeding or regulatory action as a result of a **privacy event, security event**, or breach of **privacy regulations** by **you** or on **your** behalf by someone for whom **you** are legally responsible.

**Claims expenses** does not include any salary, overhead, or other charges incurred by you for any time spent in cooperating in the defense and investigation of any **claim** or circumstance which might lead to a **claim** notified under this policy.

**F. Computer fraud** means an intentional, unauthorized or fraudulent entry of **data** including when such entry is made via the internet or another **computer network** provided that such act is committed by any person or persons who is not an **employee** or is committed by an **employee** with the intent to defraud that results in any or all of the following;

1. **Your money, your securities or your other asset** being transferred, disbursed, paid, delivered, altered, corrupted or lost.
2. **Money, securities or other asset of your** customers or clients being disbursed, paid, delivered, altered, corrupted, or lost from an account that is in **your** trust or control.
3. Creation of an unauthorized or fictitious account in **your** name

**Computer fraud** does not include **electronic theft, social engineering fraud, or telecommunications fraud**.

**G. Computer network(s)** means interconnected electronic, wireless, web, or similar systems (including all **hardware** and software) used to share or process **data** or information in an analog, digital, electronic or wireless format including, but not limited to, computer programs, electronic data, operating systems, servers, media libraries, associated input and output devices, mobile devices, networking equipment, telecommunications system, websites, extranets, off line storage facilities (to the extent that they hold electronic data), and electronic backup equipment. With the exception of Insuring Modules 5, 9, 10 and 11 **computer network(s)** also means the use of computing resources that are delivered as a service over a network or the internet (commonly known as "cloud computing") and/or **your** outsourced data center or other premises where **your data** is stored or managed by a third party

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



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- I. **Credit card association** means Visa, MasterCard, American Express, Discover, or JCB.
- J. **Damages** means multiples of compensatory damages, punitive or exemplary damages, including aggravated damages in a monetary judgment, consumer redress fund, award or settlement (provided that such is agreed in writing by **us**) to the extent insurable under the law of any applicable jurisdiction that most favors coverage. **Damages** does not include:
1. **Your** future profits or royalties, restitution, or disgorgement of **your** profits;
  2. The cost to comply with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
  3. Loss of **your** fees or profits, return or offset of **your** fees or charges, or **your** commissions or royalties provided or contracted to be provided;
  4. Taxes, fines, penalties, or sanctions; however, this does not include civil fines or penalties to the extent insurable by law or to the extent otherwise covered under insuring module 7;
  5. Any amount which **you** are not financially or legally obligated to pay;
  6. Disgorgement or return of any remuneration or financial advantage to which **you** were not legally entitled;
  7. Monetary judgments, awards, or settlements which are uninsurable under the law pursuant to which this policy is construed;
  8. Past, present and/or future license fees of any kind; or
  9. Liquidated damages;
  10. **Payment Card Industry fines and assessments**; or
  11. Any charge backs, interchange fees, settlements, discount fees or prospective service fees or any amounts due under a **Merchant Services Agreement**.
- K. **Data** means any machine readable information, including ready for use programs or electronic data, irrespective of the way it is used and rendered including, but not limited to, text or digital media.
- L. **Deductible** means the amount specified in item 4 of the Declarations.
- M. **Delivered programs** means programs, applications, and software where the development stage has been finalized, and are ready for operational use, having passed all test-runs and been proven successful in a live environment.
- N. **Denial of service** means an unauthorized or malicious attempt or attack on or via a **computer network** to make a **computer network** unavailable to its intended users.
- O. **Electronic theft** means;
1. The transfer, alteration, corruption, or theft of **your intangible asset**
  2. Disclosure, duplication, or theft of **your intangible asset(s)** to a person(s) or entities(s) who are not authorized to receive it.
- Electronic theft** does not include **social engineering fraud**, **computer fraud** or **telecommunications fraud**
- P. **Employee(s)** means any individual in **your** service, including any volunteers, part-time, seasonal, leased and temporary workers or any individual who is working on **your** behalf, or at **your** direction, and under **your** direct control. **Employee** does not include any of **your** partners or directors.
- Q. **Event management costs** means those reasonable and necessary fees **you** incur with **our** consent and which are approved by **us** for the engagement of a public relations consultant or a breach counsel if **you** reasonably consider that such appointment is needed in order to avert or mitigate any material damage to any of **your** brands following an actual or alleged **security event** or breach of **privacy regulations**, **privacy event** or a **social media event**.

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- R. **Extended reporting period** means the period of time after the end of the **policy period** for reporting **claims** as provided in Section X of this policy.
- S. **Hardware** means any and all physical components of a computer system.
- T. **Human error** means an accidental action or operating error, by **your employee(s)**.
- U. **Intangible Asset** means non-public information or non-tangible property, which is owned by **you** and is held within **your computer network** but has no physical substance including trade secrets, copyrights, patents, trademarks, **data** or other information when the disclosure, theft, corruption or copying of such would cause you a monetary loss or give a competitor commercial advantage to which they would not have previously had.
- V. **Loss of business income** means the net income (net profit or loss before income taxes) that **you** would have earned had no **network event** occurred.
- Loss of business income** does not include **reputational damage, electronic theft, social engineering fraud or telecommunications fraud**.
- W. **Malicious code** means software designed to infiltrate, disrupt, or damage a **computer network** or gather sensitive information, all without the owner's informed consent, by a variety of forms including, but not limited to, Trojan horses, spyware, malware, ransomware, dishonest adware, and crimeware.
- X. **Merchant Services Agreement** means an agreement between **you** and a financial institution, **credit card association** or payment card processor that enables **you** to accept credit cards, debit cards or prepaid cards for the payment of goods, services or donations.
- Y. **Miscellaneous professional services** means **your** business services, which are performed for and on behalf of **your** clients or in the course of **your** business and limited to those services stated in Item 11 of the Declarations.
- Z. **Money** means a medium of exchange in current use and authorized or adopted by a domestic or foreign government and includes currency, coins, banknotes, bullions, or registered checks. **Money** also means virtual currencies including bitcoins.
- AA. **Multimedia** means the release of any content in a physical or electronic format, including, internet content, newspapers, newsletters, magazines, books, brochures, images or other types of publications and advertising materials.
- BB. **Multimedia and intellectual property wrongful act** means:
1. Defamation including, but not limited to, disparagement or harm to the reputation or character of any person or organization, libel, slander, product disparagement, trade libel, or infliction of emotional distress or mental anguish;
  2. Invasion, infringement, or interference with the right to privacy or right of publicity, including false light, public disclosure of private facts, including those of an **employee**, intrusion, or commercial appropriation of name or likeness;
  3. Plagiarism, piracy or misappropriation of ideas;
  4. Infringement of copyright, domain name, title, or slogan; trade dress; or the dilution or infringement of trademark, service mark, service name, or trade name;
  5. Wrongful entry or eviction, trespass, eavesdropping, false arrest, malicious prosecution; or
  6. Liability arising out of **your** negligence in connection with **your** release of **multimedia** content in advertising.
- CC. **Named insured** means the individual, partnership, entity, or corporation designated as such in the item 1 of the Declarations.
- DD. **Network event** means loss sustained by **you** in connection with **your computer network(s)** arising from:
1. A **security event; privacy event** or a breach of **privacy regulations**;
  2. **Computer virus**;

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3. **Malicious code;**
4. Accidental corruption or destruction of **your data** because of **human error**;
5. Damage or destruction of **hardware**, so that **your data** stored is not machine readable;
6. Malfunction or failure of **your computer network**;
7. **Programming error of delivered programs;**
8. Natural disaster, but only in respect of **your network expenditure** due to corruption, destruction, or damage to **your data** and not in respect of any **loss of business income**; or
9. Failure of a direct or back-up power supply or under/over voltage but only if such power supply is owned, operated, and controlled by **you**.

However, a network event;

1. Only covers losses arising from **delivered programs**
2. Only pertains to **your** loss and does not include coverage for any **claim** made by a third party or any **claim** resulting from an incident occurring on the computer infrastructure of an outsourced entity or third party service provider.
3. Does not include coverage for loss of any **money** or **securities**, except as specifically provided under Insuring Module 9 and/or 10.

EE. **Network expenditure** means costs incurred with **our** consent and authorized by **us** arising from a **network event**, which may include:

1. **Your** actual costs to restore, re-collect, or replace **data**, including expenses for materials, working time, and overhead cost allocation at the affected location(s) associated with restoring or replacing **data**;
2. **Your** reasonable and necessary costs and expenses incurred with **our** consent of specialists, investigators, forensic auditors, breach counsel or loss adjusters retained by **you** for the purpose of conducting a review or audit to substantiate that a **network event** is occurring or has occurred, or to determine the scope, cause, or extent of any theft or unauthorized disclosure of information or **data**, including when **your** portable media and **data** storage devices are away from **your** premises;
3. **Your** reasonable and necessary costs and expenses for the use of rented, leased, or hired external equipment, services, labor, premises, or additional operating costs, including staff overtime and expenditure, provided that these costs and expenses were reasonably incurred as a result of a **network event**; or
4. Any other reasonable and necessary costs and expenses that **you** incur directly as a result of a **network event**.

**Network expenditure** does not include loss of profits or **loss of business income** or **reputational damage**. **Network expenditure** is part of, and not in addition to, the Limit of Liability stated within item 3 of the Declarations.

FF. **Network extortion threat** means a credible threat or series of related threats, including a demand for funds, securities, bitcoins, **property** or services directed at **you** and threatening;

1. corruption, damage, and/or destruction to any aspect of **your computer network**;
2. introduction of a **computer virus**, **malicious code**, or a **denial of service** to any aspect of **your computer network**; and/or
3. the release, or disclosure of confidential and personal information which resides within **your computer network**.

GG. **Network extortion monies** means:

1. Monies payable by **you**, with **our** prior written consent, to a person(s) or entity(ies) reasonably believed to present a **network extortion threat** for the purpose of terminating such a threat; or

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2. Other reasonable and necessary costs and expenses payable by **you** with **our** prior written consent directly resulting from a **network extortion threat**.
- HH. **Notification expenses** means those reasonable and necessary legal expenses, postage expenses, and related advertising expenses **you** incur with **our** consent and which are approved by **us** to mitigate damage to **your** brand or comply with governmental privacy legislation mandating notification to affected individuals in the event of a **security event**, **privacy event**, or breach of **privacy regulations** that results in the compromise or potential compromise of personal information maintained by **you** or otherwise residing on a **computer network** operated by **you** or on **your** behalf. Coverage is also provided for **your** reasonable and necessary costs and expenses to provide voluntary notification to individuals or entities whose private information may have been compromised in the event of a **security event** or **privacy event** which occurs on **your computer network**, provided that **our** prior consent has been obtained.
- II. **Other asset** means a tangible and physical product that is owned by **you** or is under **your** trust or control and:
1. Has an economic value; or
  2. Is held as inventory for sale; or
  3. Is sold or exchanged in trade or commerce, or
  4. Is shipped via land sea or air
- Other asset** does not include **money** or **securities**
- JJ. **Payment Card Industry Data Security Standards** means Payment Card Industry Data Security Standard implemented and/or published by or on behalf of the Payment Card Industry Security Standards Council.
- KK. **Payment Card Industry fines and assessments** means all financial responsibilities and liabilities including, but not limited to, monetary fines, fees, costs, expenses, financial settlements, reimbursements, operational reimbursement, operational expense recoveries or assessments, fraud recoveries or assessments, resulting from an actual or alleged violation of the **Payment Card Industry Data Security Standard** or the security rules
- LL. **Policy period** means the period of time from the effective date to the expiration date as specified in item 2 of the Declarations, or to any earlier cancellation date.
- MM. **Privacy event** means a breach of confidentiality, infringement, or violation of any right to privacy including, but not limited to, a breach of **your** privacy policy, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, or public disclosure of a person's private information.
- NN. **Privacy regulations** means statutes and regulations, associated with the confidentiality, access, control, and use of personally identifiable, non-public information including, but not limited to the following or similar statutes and regulations:
1. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191), known as HIPAA, including amendments contained in the Health Information Technology for Economic and Clinical Health Act (HITECH) and related state medical privacy laws;
  2. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999;
  3. Federal, state, provincial, or territorial statutes and regulations regarding the security and privacy of consumer information;
  4. Governmental privacy protection regulations or laws associated with the control and use of personal information;
  5. Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
  6. Children's Online Privacy Protection Act or similar laws;
  7. The EU Data Protection Act or other similar privacy laws in other jurisdictions;
  8. Identity Theft Red Flags Rules under the Fair and Accurate Credit Transactions Act of 2003 (FACTA).

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9. Personal Information Protection and Electronic Documents Act S.C.2000, c5, and Privacy Act R.S.C 1985, c.21;
  10. Canadian provincial and territorial Freedom of Information and Protection of Privacy Acts, Privacy Acts, Personal Information Protection Acts, Personal Health Information Acts, and similar laws and regulations;
- OO. **Professional wrongful act** means:
1. Negligent breach of duty, negligent misrepresentation, or negligent act, error, omission or misleading statement or negligent infringement of copyright in **your** performance of or failure to perform **technology services** with reference to Insuring Module 3; or **miscellaneous professional services** with reference to Insuring Module 4.
  2. Unintentional **breach of contract**, but only in connection with **your** performance of or failure to perform **technology services**.
- PP. **Programming error** means an error, flaw, mistake, failure, or fault, which occurs during the development or encoding of a computer program, software, or application, which would, when in operation, result in a malfunction or incorrect operation of a **computer network**.
- QQ. **Property damage** means physical injury to, impairment, destruction, or corruption of any tangible property, including the loss thereof. **Data** is not considered tangible property.
- RR. **Regulatory compensatory award** means a regulatory agency's monetary award to a third party, including a sum or amount which **you** are legally required to deposit into a fund as equitable relief for the payment of consumer claims due to an adverse judgement or settlement of a regulatory proceeding. **Regulatory compensatory award** does not include a criminal penalty or fine issued by a regulatory agency of any kind, including federal, state, provincial, territorial, or local governmental agencies.
- SS. **Reputational damage** means **your** loss of net income (net profit or loss before income taxes) due to:
1. Termination of **your** services contract by one of **your** client(s) and/or
  2. Reduction in the value of **your** business and brands;
- where such loss arises directly from a **network event**.
- TT. **Restoration period** means the period of time that commences upon the date when the **network event** began and ends on the later of:
1. The date when **your computer network** is repaired or restored or could have been repaired or restored with reasonable speed to the same condition, functionality and level of service that existed prior to the **network event** plus no more than thirty (30) days after the restoration of **your computer network**; or
  2. Twelve (12) months after the **network event** began.
- UU. **Retroactive date** means the date specified in item 5 of the Declarations.
- VV. **Securities** means written negotiable and non-negotiable instruments or contracts which represent **money** or **other asset**
- Securities** does not include the actual **money** or **other asset**
- WW. **Security and privacy wrongful act** means:
1. A **privacy event**, **security event** or breach of **privacy regulations** committed by **you** or which occurs on **your computer network**;
  2. **Your** failure to disclose a **security event** or **privacy event** in violation of notification laws or regulations;
  3. Your failure to prevent transmission of malicious code, a computer virus, or a denial of service attack from your computer network;
  4. **Your** failure to prevent loss of **employee** personally identifiable information, as defined in **privacy regulations**; or

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5. **Your** failure to maintain the security or confidentiality of personally identifiable information stored on **your computer network** under any contract.
- XX. **Security event** means
1. The misuse or unauthorized access of **your computer network**;
  2. The use of **your computer network** for a **denial of service** attack; or
  3. **Your** breach of duty to protect the security and confidentiality of non-public proprietary corporate information and/or personally identifiable non-public information either in an electronic or physical format.
- YY. **Social engineering fraud** means a misrepresentation of fact or an intentional, malicious, wilful or fraudulent act undertaken by a third party that misleads an **employee** and directly results in any or all of the following:
1. **Your money, your securities** or **your other asset** being transferred, disbursed, paid, delivered, altered, corrupted or lost;
  2. **Money, securities** or **other asset** of **your** customers or clients being disbursed, paid, delivered, altered, corrupted, or lost from an account that is in **your** trust or control.
- Social engineering fraud** does not include **electronic theft, telecommunications fraud, or computer fraud**
- ZZ. **Social media event** means the release of any electronic **multimedia** content, by an **employee** on any social network or social media electronic platform;
- AAA. **Subsidiary(ies)** means:
1. Any entity of which more than fifty percent (50%) of the issued and outstanding shares are owned by **you**, on or before the commencement of the **policy period**; or
  2. Any entity which becomes a **subsidiary** during the **policy period** provided that such entity does not represent more than a twenty percent (20%) increase in **your** total assets, employee count or gross revenue as of the date of the acquisition. Where such entity represents an increase in **your** total assets, employee count or gross revenue of more than twenty percent (20%), such entity shall be deemed a **subsidiary** under this policy, but only upon the condition that within thirty (30) days of it becoming a **subsidiary**, **you** shall have provided **us** with full particulars of the new **subsidiary** and agreed to any additional premium and/or amendment of the provisions of this policy required by **us** relating to such new **subsidiary**, subject to advanced receipt, review and acceptance by **us** of full and complete underwriting information.
- BBB. **Support and credit monitoring expenses** means those reasonable and necessary expenses **you** incur with **our** consent and which are approved by **us** for the provision of credit file monitoring services, credit repair and restoration costs, identity theft monitoring expenses, identity theft education and assistance, including call center expenses, in the event of a **security event, privacy event** or a breach of **privacy regulations**, which results in the compromise or potential compromise of personal information maintained by **you** or otherwise residing on a **computer network** operated by **you** or on **your** behalf.
- CCC. **Technology services** means **your** computer and electronic technology services, which are performed for and on behalf of **your** clients or in the course of **your** business and may include data processing, web design, hosting, internet or network services, content delivery, programming, technology consulting, installation, integration, configuration, support or management services, software development, design, sale or other related technology services. **Technology services** does not include any other professional activities or advice which is not directly related to technology activities.
- DDD. **Telecommunications fraud** means an intentional, malicious or wilful act that results in the misuse or unauthorized access of **your** telecommunication system by a third party.
- Telecommunications fraud** does not include **electronic theft, social engineering fraud, or computer fraud**
- EEE. **Waiting period** means the number of hours that must elapse as provided in item 4 of the Declarations before the recovery of **loss of business income** can be considered.

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FFF. "We," "us", or "our" means the insurers providing this insurance.

GGG. "You," "your" and "yours" means the insured as provided in Section VI of this policy.

### VIII. WHAT WE DO NOT COVER: EXCLUSIONS

We shall not be liable for any **claim** or any amounts based upon, arising out of directly or indirectly resulting from, in consequence of, or in any way involving or attributable, in whole or part, to:

- A. Any wrongful acts or the same, related, or continuing acts, facts, or circumstances that were first committed or first occurred prior to the **retroactive date**; or any circumstance arising therefrom;
- B. Any event, threat and/or breach of regulations or the same, related or continuing events, threats, breaches, facts or circumstances that were first committed or first occurred prior to the **retroactive date**;
- C. Any wrongful acts or the same, related or continuing acts, facts, or circumstances that took place prior to the continuity date if after reasonable enquiry **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations knew or could have reasonably foreseen by that date that such acts, facts, or circumstances could be the basis of a **claim** or circumstance. The continuity date is the earlier of the inception date of either this policy or **your** first policy issued by Ascent Underwriting that has been continuously renewed;
- D. Any event, threat and/or breach of regulations or the same, related or continuing events, threats, breaches, facts or circumstances that took place prior to the continuity date of this policy, if after reasonable enquiry **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations knew or could have reasonably foreseen such events, threats, breaches, facts or circumstances could be the basis of a **claim** or circumstance. The continuity date is the earlier of the inception date of either this policy or **your** first policy issued by Ascent Underwriting that has been continuously renewed;
- E. Any **claim** or circumstance notified to a previous insurer prior to the inception of this policy;
- F. Any **claim** made by an insured against another insured, unless such **claim** is:
  - 1. brought by an **employee** under Insuring Modules 1 or 6; or
  - 2. the result of **your** actual or alleged **security and privacy wrongful act(s), multimedia and intellectual property wrongful act(s)**, and/or **professional wrongful act(s)** as provided by the contract between **you** and any party covered under section VI. (F).
- G. **Your** malicious, fraudulent, dishonest, or criminal act. Notwithstanding the foregoing, the insurance afforded by this policy shall apply to **claims expenses** incurred in defending any such **claim** until final adjudication, but shall not apply to any **damages** that **you** might become legally obligated to pay. **We** will have the right to recover those **claims expenses** incurred from those parties found to have committed malicious, fraudulent, dishonest, or criminal acts by a court, jury, or arbitrator. However, this exclusion does not bar coverage for the actions of a rogue **employee**, or coverage afforded under Insuring Module 9. For purposes of this exclusion, "rogue **employee**" means an **employee** who acts maliciously, fraudulently, dishonestly or criminally without the knowledge or consent of **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations;
- H. **Bodily injury**, except that this exclusion shall not apply to wrongful infliction of emotional distress or mental anguish arising out of **technology services, multimedia, privacy event, security event**, or a breach of **privacy regulations**;
- I. **Property damage**; except that this exclusion shall not apply to **claims** otherwise covered under Insuring Module 9 and/or 10. For the avoidance of doubt, this policy provides coverage arising from the loss of **data** when such loss arises from physical damage to **hardware**;
- J. Satellite failures; electrical or mechanical failures and/or interruption including, but not limited to, electrical disturbance, spike, brownout, or blackout; outages to electricity, gas, water, telephone, cable, telecommunications; gradual deterioration of overhead transmission, distribution lines or subterranean insulation or cabling or other infrastructure, unless such infrastructure is under **your** operational control and unless such **claim** forms part of a **network event**;



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- K. The actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products, or services; including **your** cost guarantees, cost representations, contract price, or cost estimates being exceeded;
- L. The violation of any economic or trade sanctions by the United States government including, but not limited to, sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control ("OFAC");
- M. Any breach of any express, implied, actual, or constructive contract, warranty, guarantee, or promise, or the liability of others assumed by **you** under any contract or agreement, but this exclusion does not apply to:
  - 1. Any liability or obligation **you** would have in the absence of such contract or agreement;
  - 2. Unintentional **breach of contract**, but only with respect to **technology services**; or
  - 3. A breach of **your** privacy policy;
- N. The actual or alleged government enforcement or investigation of any federal, state, provincial or territorial regulation including, but not limited to, regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, the Securities and Exchange Commission, the Canadian Competition Bureau, the Canadian Radio-television and Telecommunications Commission, the Ontario Securities Commission, or any like or similar Canadian provincial or territorial securities regulator; but this exclusion does not apply:
  - 1. To the extent that a **claim** falls under Insuring Module 7; or
  - 2. To a **claim** by a government entity brought in its capacity as a customer of **you** arising in the course of **your** provision of **technology services** or **miscellaneous professional services** to such government entity;
- O. Any employer-**employee** relations policies, practices, acts, or omissions, any actual or alleged refusal to employ any person, or any misconduct with respect to **employees**. This includes, but is not limited to, claims arising under workers compensation or similar laws unless such claims are made by an employee arising out of a **security event**, **privacy event** or breach of **privacy regulations**;
- P. Any actual or alleged discrimination of any kind including, but not limited to, age, color, race, gender, creed, national origin, marital status, sexual preferences, disability, or pregnancy;
- Q. Strikes or similar labor actions, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular uprising, military uprising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions. This exclusion also excludes coverage for any loss or damages arising out of confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority. This exclusion also excludes loss, cost, **damages**, or **claims expenses** of whatsoever nature directly or indirectly caused by, resulting from, or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to the above;
- R. All losses or expenses arising from a terrorist act. For the purposes of this agreement, a terrorist act means an act or series of acts including the use of force or violence of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious, or ideological purposes, including the intention to influence any government and/or to put the public in fear for such purposes;
- S. **Your** commercial decision to cease providing a particular product or service;
- T. Prizes, awards, or coupons;
- U.
  - 1. **Payment Card Industry fines or assessments**;
  - 2. Any charge backs, interchange fees, discount fees or prospective service fees and/or any other amount arising out of any agreement by **you** to comply with or follow the **Payment Card Industry Data Security Standards** or any Payment Card Company rules; or implement, maintain, or comply with any security measures or standards related to any payment card data or any other amounts due under a **Merchant Services Agreement**;
- V. Any actual or alleged unfair competition, antitrust violations, deceptive trade practices, or restraint of trade or antitrust statute, legislation, or regulation. However, this exclusion shall not apply to the extent that a **claim** falls under Insuring Module 7;



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- W. The actual or alleged infringement of any patent or the misappropriation, theft, copying, display or publication of any trade secret, unless such **claim** arises from a **security event** or a **privacy event** and does not involve **your** actual or alleged infringement, misappropriation, theft, copying, display or publication;
- X. **Your** knowing use of illegal or unlicensed programs that are in violation of the provisions or laws referring to software protection;
- Y. The actual or alleged purchase, sale, offer of, or solicitation of an offer to purchase or sell securities, or violation of any securities law including, but not limited to, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Ontario Securities Act, R.S.O. 1990, c. S5, and any like or similar legislation in any Canadian province or territory, or any regulations promulgated under the foregoing statutes, or any federal, state, provincial, territorial, local, or foreign laws in any other jurisdiction similar to the foregoing statutes, including "Blue Sky" laws, whether such law is statutory, regulatory, civil or common law;
- Z. Unauthorized trading of **money, securities, property** or any other medium whether or not in **your** name and whether or not in a genuine or fictitious account. This exclusion also applies to trading in excess of approved authority levels or outside of approved parameters. This exclusion shall not apply to direct losses incurred by **you** as a result of **computer fraud** which results in improper financial gain to an **employee**. However, **we** shall not be liable for any **employee** salary, commissions, fees or other employment associated compensation;
- AA. Deceptive, inaccurate, misleading or false advertising;
- BB. The unsolicited dissemination of any correspondence including but not limited to faxes, e-mails, telephone calls or SMS to multiple, actual or prospective customers of yours or any other third party, including but not limited to claims alleging any actual or alleged violation of the Telephone Consumer Protection Act (TCPA), Controlling the Assault of Non-Solicited Pornography And Marketing (CAN-SPAM) Act or any federal or state anti-spam statutes, or any other federal or state statute, law or regulation relating to a person's or entity's right of seclusion;
- CC. The failure to comply with the Fair Credit Reporting Act, Fair Debt Collection Act, or any other similar federal or state statute, law or regulations.

### IX. INNOCENT INSURED PROVISION

- A. Whenever coverage under this policy would be excluded, suspended, or lost because of non-compliance with Section XI, relating to the giving of notice of **claim** to **us**, with respect to which any other insured shall be in default solely because of the failure to give such notice or concealment of such failure by one or more insureds responsible for the loss or damage otherwise insured hereunder, then such insurance as would otherwise be afforded under this policy shall cover and be paid with respect to those insureds who did not personally commit, personally participate in committing, or personally acquiescing in such failure to give notice, provided that the insured entitled to the benefit of this provision shall comply with Section XI promptly after obtaining knowledge of the failure of any other insured to comply therewith. Notwithstanding the foregoing, the reporting of any such **claim** must be made during the **policy period** or **extended reporting period**, if applicable.
- B. Whenever coverage under this policy would be excluded, suspended, or lost because of Exclusion G relating to malicious, fraudulent, dishonest, or criminal acts by any insured, then such insurance as would otherwise be afforded under this policy shall cover and be paid with respect to those insureds who did not personally commit, personally participate in committing, personally acquiesce, or remain passive after having personal knowledge thereof.

### X. EXTENDED REPORTING PROVISIONS

- A. Automatic Extended Reporting Period: If either **you** or **us** shall cancel or non-renew this policy, **you** shall have the right following the effective date of such cancellation or non-renewal, to a period of sixty (60) days thereafter in which to give written notice to **us** of **claims**, relating to those Insuring Module(s) purchased as shown in the Declarations, provided that any actual or alleged wrongful acts under Insuring Module(s) 1, 2, 3, or 4, **network event** under Insuring Module(s) 5 or 11, **security event**, **privacy event**, or breach of **privacy regulations** under Insuring Module 6, **privacy event**, **security event**, or breach of **privacy regulations** under Insuring Module 7, **network extortion threat** under Insuring Module 8, or **security event** under Insuring Module 9 or 10, all if applicable, occurred prior to the end of the **policy period** and are otherwise covered by this policy, and are reported to **us** during the **automatic extended reported period**, and subject to the conditions set forth herein.

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- B. Extended Reporting Period Endorsement: In the event of cancellation or non-renewal of this policy by **you** or **us**, **you** shall have the right, upon payment in full and not proportionally or otherwise in part of:
1. One hundred percent (100%) of the gross annual premium set forth in item 6 of the Declarations to have issued an endorsement providing a 12-month **extended reporting period** for **claims** relating to those Insuring Module(s) purchased as shown in the Declarations, provided that any actual or alleged wrongful acts under Insuring Module(s) 1, 2, 3, or 4, **network event** under Insuring Module(s) 5 or 11, **security event**, **privacy event**, or breach of **privacy regulations** under Insuring Module 6, **privacy event**, **security event**, or breach of **privacy regulations** under Insuring Module 7, **network extortion threat** under Insuring Module 8, or **security event** under Insuring Module 9 and 10, all if applicable, occurred prior to the end of the **policy period** and are otherwise covered by this policy and are reported to **us** during the **extended reporting period**, and subject to the conditions set forth herein; or
  2. One hundred and seventy five percent (175%) of the gross annual premium set forth in item 6 of the Declarations to have issued an endorsement providing a 24-month **extended reporting period** for **claims** relating to those Insuring Module(s) purchased as shown in the Declarations, provided that any actual or alleged wrongful acts under Insuring Module(s) 1, 2, 3, or 4, **network event** under Insuring Module(s) 5 or 11, **security event**, **privacy event**, or breach of **privacy regulations** under Insuring Module 6, **privacy event**, **security event**, or breach of **privacy regulations** under Insuring Module 7, **network extortion threat** under Insuring Module 8, or **security event** under Insuring Module 9 and 10, all if applicable, occurred prior to the end of the **policy period** and are otherwise covered by this policy and are reported to **us** during the **extended reporting period**, and subject to the conditions set forth herein.
- In order for the **named insured** to purchase the **extended reporting period**, the payment of the additional premium must be paid to **us** within thirty (30) days of the non-renewal or cancellation.
- C. The Limit of Liability for the above **extended reporting periods** shall be part of, and not in addition to, the Limit of Liability for the **policy period**.
- D. **Our** quotation of a different premium, **deductible**, or Limit of Liability or changes in policy language for the purpose of renewal shall not constitute a refusal to renew by **us**.
- E. The right to the **extended reporting period** shall not be available to the **named insured** where cancellation or non-renewal by **us** is because of non-payment of premium or **your** failure to pay amounts within the applicable **deductible**.
- F. All notices and premium payments with respect to the above **extended reporting period** shall be directed to **us** through **your** insurance agent or broker.
- G. At the commencement of the **extended reporting period** in either Paragraph B. above, the entire premium shall be deemed earned and in the event the **named insured** terminates the **extended reporting period** for any reason prior to its natural expiration, **we** will not be liable to return any premium paid for the **extended reporting period**.

**XI. NOTICE OF CLAIM OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

- A. It is a condition precedent to coverage under this policy that, if any **claim** under Insuring Module(s) 1, 2, 3, or 4 is made against **you**, then **you** shall immediately forward, as soon as **you** become aware of any **claim**, to **us** through persons named in item 7 of the Declarations as soon as practicable after **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations have first become aware of such **claim**, provided that such demand, notice, summons or other information is not received by **us** more than fourteen (14) days after the expiration of the **policy period**.
- B. It is a condition precedent to coverage under this policy that, if **you** have any **claim** under Insuring Module(s) 5, 6, 7, 8, 9, 10 or 11 then **you** shall as soon as practicable after your Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations have first become aware of such **claim**, provided that such notice is not received by **us** more than fourteen (14) days after the expiration of the **policy period**.
- C. If during the **policy period**, **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in item 1 of the Declarations become aware of any acts, facts, or circumstances that they believe could give rise to a **claim**, they must give written notice of the

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following information to **us**, through persons named in item 7 of the Declarations, as soon as practicable during the **policy period**:

1. Specific details of the acts, facts, or circumstances that could reasonably be the basis for a **claim**;
2. Possible **damages**, penalties, or other amounts potentially covered under this policy that may result or has resulted from the acts, facts or circumstances;
3. Details regarding how **you** first became aware of the acts, facts, or circumstances; and
4. The **computer network** security and event logs, which provide evidence of the alleged incident.

Any subsequent **claim** arising out of such acts, facts, or circumstances which is the subject of the written notice will be deemed to be a **claim** at the time written notice complying with the above requirements was first given to **us**. Any **claim** arising under Insuring Module(s) 5, 9, 10 or 11 will be deemed to have been made on the date **you** first became aware of the acts, facts, or circumstances resulting in such loss.

- D. A **claim** shall be considered to be reported to **us** when notice is first given to **us** through persons named in item 7 of the Declarations.

### XII. CALCULATION OF LOSS PROVISIONS REGARDING LOSS OF BUSINESS INCOME, INTANGIBLE ASSET AND REPUTATIONAL DAMAGE

In the event of loss occurring under Insuring Modules 5, 9, 10 and/or 11 and if **you** and **us** cannot agree on a loss amount, then an auditor and/or a loss adjuster will be appointed by mutual agreement of **us** and **you** to calculate the amount of loss. If such an agreement cannot be reached, we will appoint the auditor and/or loss adjuster subject to **your** consent, such consent not to be unreasonably withheld. **We** will pay the cost and expense related to the auditor and/or loss adjuster that exceed **your deductible** as stated in Item 4 of the Declarations. Such payment will be applied against the applicable Limit of Liability.

Requests made by **you** for indemnity by **us** shall be accompanied by a computation of the loss consistent with this section of the policy. This shall set out in detail how the loss has been calculated and what assumptions have been made. **You** shall produce any documentary evidence, including any applicable reports, books of accounts, bills, invoices, and other vouchers and copies of such which **we** may require, and **you** shall afford **us** or **our** agent every assistance in their investigations.

Any **claims** payment under this Section will, where applicable, be reduced by the extent to which **you**:

- A. Use damaged or undamaged **data**, or **intangible asset**, or
- B. Make use of available stock, merchandise, or other **data or intangible asset**; or
- C. Use substitute facilities, equipment, or personnel.

### LOSS OF BUSINESS INCOME UNDER INSURING MODULE 5 AND REPUTATIONAL DAMAGE UNDER INSURING MODULE 11

The calculation of loss regarding **loss of business income** and **reputational damage** under Insuring Module(s) 5 and 11 will be based on the loss of the net income incurred during the **restoration period** attributable to a **network event** and shall be based on an analysis of the revenues and costs generated during each month of the twelve (12) months prior to the loss occurring and will also take into account the reasonable projection of future profitability or otherwise had no loss occurred and will include all material changes in market conditions that would affect the profits generated.

The purpose of the calculation of **loss of business income** and **reputational damage** is to put **you** in the position that you would have been in had no **network event** been incurred.

### INTANGIBLE ASSET UNDER INSURING MODULE 9 AND 10

The calculation of loss regarding **intangible asset** under Insuring Module 9 and 10 will be based solely on loss of the net income attributable to **electronic theft**, **computer fraud** or **social engineering fraud** and shall be based on an analysis of the revenues and costs generated during each month of the twelve (12) months prior to the loss occurring and will also take into account the

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reasonable projection of future profitability or otherwise had no loss occurred and will include all material changes in market conditions that would affect the profits generated.

Any dispute that arises between **you** and **us** regarding the calculation of loss shall be resolved In accordance with Section **XXII DISPUTE RESOLUTION**.

### **XIII. ASSISTANCE AND COOPERATION**

- A. **You** shall cooperate with **us** in all investigations. **You** shall execute all papers and render all assistance as requested by **us**. Part of this assistance may require **you** to provide copies of a third party's system security and event logs.
- B. Upon **our** request, **you** shall assist in making settlements in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to **you** with respect to which insurance is afforded under this policy; and **you** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at **your** own cost.
- C. **You** shall not admit any liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award, or dispose of any **claim** without **our** written consent. However, the prompt public admission of a **security event** potentially impacting non-public personally identifiable information of **employees** or third parties as required by governmental privacy legislation or credit card association operating requirements will not be considered as an admission of liability requiring **our** prior consent; however **we** are to be informed as soon as practicable of such public admission if such public admission is a circumstance that could lead to a **claim**.
- D. **We** shall have the right to make any investigation that **we** deem necessary with respect to coverage including, but not limited to, any investigation with respect to the **application**, statements made in the **application** and any supplemental material submitted therewith. **We** shall be permitted to inspect your property, operations, or records.
- E. **You** shall submit for examination under oath by **our** representative, if requested, in connection with all matters relating to this policy.

### **XIV. SUBROGATION**

If any payment is made under this policy and there is available to **us** any of **your** rights of recovery against any third party, then **we** shall maintain all such rights of recovery. **You** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing to prejudice such rights. Any recoveries shall be applied first to subrogation expenses. If the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount must be divided between **us** and **you** in the proportions in which the loss or damage has been borne by **us** and **you** respectively..

### **XV. OTHER INSURANCE**

This policy shall apply in excess of any other valid and collectible insurance policy available to **you**, including any **deductible** or deductible portion thereof, unless such other insurance is written only as specific excess insurance over the Limit of Liability of this policy.

### **XVI. ENTIRE AGREEMENT**

By acceptance of this policy, **you** agree that this policy embodies all agreements between **you** and **us** relating to this insurance. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop **us** from asserting any right under the terms of this insurance; nor shall the terms of this insurance be waived or changed, except by endorsement issued to form a part of this policy and signed by **us**.

### **XVII. ASSIGNMENT**

The interest hereunder is not assignable by **you** or **your subsidiaries**. If an insured shall die or be adjudged incompetent, such insurance shall cover **your** legal representative as **you** would be covered under this policy.

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### XVIII. CANCELLATION BY YOU

If this policy is cancelled by **you**, thirty percent (30%) of the premium shall be earned upon inception of this policy and **we** will refund the remaining unearned premium computed on a daily pro rata basis thereafter. No premium will be refunded where any **claims** or circumstances have been notified under this policy.

### XIX. CANCELLATION BY US

**We** will only cancel this policy if **you** fail to pay the premium within the terms of the payment warranty specified within the Declarations, or if a principal, partner, executive officer, or director intentionally makes a material misrepresentation to **us** in regard to any **claim** notified to **us** under this policy; in which case, **we** will provide a notice of cancellation in accordance with the applicable law.

### XX. CHANGE OF CONTROL

Should there be a "change of control" to the **Named Insured** during the **policy period** all coverage under this Policy shall terminate at the date of such "change of control" unless **we** have issued an endorsement extending coverage under this Policy and **you** have agreed to pay any additional premium and agreed to any additional terms of coverage required by **us**.

A "change of control" to the **Named Insured** will be considered to be any of the following: **your** acquisition by or merger into another entity, **your** liquidation or dissolution, or the sale, or disposition of substantially all of **your** assets.

### XXI. WORDS AND TITLES OF PARAGRAPHS

The titles of paragraphs, section, provisions, or endorsements of or to this policy are intended solely for convenience and reference and are not deemed in any way to limit or expand the provisions to which they relate and are not part of this policy. Whenever the singular form of a word is used herein, the same shall include the plural when required by context.

### XXII. DISPUTE RESOLUTION

- A. No action shall lie against **us** unless, as a condition precedent thereto, there shall have been full compliance with all terms of this policy, and until the amount of **your** obligation to pay shall have been finally determined either by judgment or award against **you** after actual trial or arbitration or by written agreement of **you**, the claimant, and **us**.
- B. No person or organization or any legal representative thereof who has secured such judgment, award, or written agreement shall thereafter be entitled to make a **claim** under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join **us** as a party to an action or other proceeding against **you** to determine **your** liability, nor shall **we** be impleaded by **you** or **your** legal representative. Bankruptcy or insolvency of **you** or of **your** estate shall not relieve **us** of **our** obligations under this policy.
- C. Mediation. If any dispute arises between **you** and **us** involving this policy and/or a **claim** hereunder, it is hereby mutually agreed by **you** and **us** that such dispute shall be referred to a qualified mediator in a good faith effort to negotiate a resolution of the dispute, prior to the initiation of any arbitration or other proceedings. The party electing to mediate shall provide written notice to the other party setting forth its request to mediate and a brief statement regarding the issue to be mediated. The persons named in item 8 of the Declarations are authorized and directed to accept the Notice of Mediation on behalf of **us**. The **named insured** is authorized and directed to accept the Notice of Mediation on behalf of any insured.
- D. Arbitration. As a condition precedent to any right of action hereunder, in the event that a good faith effort to mediate pursuant to Section XXII (C) above cannot resolve a dispute between **you** and **us** involving this policy or a **claim** hereunder, it is hereby mutually agreed that such dispute shall be determined by final and binding arbitration before a single arbitrator under the provisions of the provincial Arbitration Act currently in force in the jurisdiction of the named insured's principal address indicated in item 1 of the Declarations. Such arbitration cannot be commenced until thirty (30) days after the conclusion of the mediation pursuant to Section XXII (C). If the parties cannot mutually select the arbitrator, the parties will refer the selection of the arbitrator to the chapter of the ADR Institute of Canada Inc. Operating in the jurisdiction of the applicable Arbitration Act.

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### XXIII. SERVICE OF SUIT CLAUSE (Canada)

- A. All disputes concerning the interpretation of this policy are understood and agreed by both **us** and **you** to be subject to the law of the province or territory of the named insured's principal address indicated in Item 8 of the Declarations. Each party agrees to submit to the jurisdiction of any court of competent jurisdiction within Canada and to comply with all requirements necessary to give such court jurisdiction.
- B. In any action to enforce **our** obligations under this policy, **we** can be designated or named as "Lloyd's Underwriters" and such designation shall be binding on **us** as if each of **us** had been individually named as Defendant. Service of such proceedings may validly be made upon the Attorney in Fact in Canada for Lloyd's Underwriters, whose address for such service is 1155 rue Metcalfe, Suite 2220, Montreal, Quebec, H3B 2V6.
- C. Every action or proceeding against **us** for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time permitted under the *Insurance Act* in force in the province or territory as reflected as the Insured's principal place of business as provided for in item 1 of the Declarations.

### XXIV. CHOICE OF LAW

The interpretation of this policy and any disputes involving this policy shall be resolved applying the law designated in item 9 of the Declarations.

### XXV. WARRANTY BY YOU

By acceptance of this policy, all insureds agree that the statements contained in the **application**, any application for insurance if this policy is a renewal, and any supplemental materials submitted therewith are their agreements and representations, which shall be deemed material to the risk assumed by **us**, and that this policy is issued in reliance upon the truth thereof.

The **application**, and any supplemental materials submitted to **us** are deemed incorporated into and made a part of this policy.

### XXVI. ALLOCATION

- A. In the event that a **claim** made against **you** is partly covered by this policy and partly not covered by this policy, or a **claim** is made against **you** and against any persons or entities not insured by this policy, **you** agree that **our** obligation to make payment for **claims expenses** under this policy is limited to payments in respect of covered **claims**, persons and entities only, and all **claims expenses** shall be allocated as between the covered and non-covered **claims**, and covered and non-covered persons or entities, as follows:
  - 1. **you** recognize and agree that all **claims expenses** paid by **us** under the policy must be allocated only to the defense of **claims** covered under the policy, and **you** agree that **we** and **you** will use best efforts to determine a fair and proper allocation of **claims expenses** 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 **you**.
  - 2. in the event that **we** and **you** are not able to agree on the allocation to be made pursuant to Section XXII of this policy, then **you** agree that **we** shall advance such amounts as **we** believe to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law. The allocation determined by **us** under this section shall not create any presumption with respect to the allocation of other **claims** or amounts as between **you** and uninsured persons or entities, or as between covered and non-covered **claims**.

### XXVII. STATUTORY CONDITIONS (applicable to Insuring Modules 5, 9, 10 and 11 only)

The statutory conditions set out in Section XXVI. of this policy apply only to Insuring Modules 5, 9, 10 and 11.

#### Misrepresentation

- 1. If a person applying for insurance falsely describes the property to the prejudice of the insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the insurer in order to enable it to



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judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

### Property of others

2. The insurer is not liable for loss or damage to property owned by a person other than the insured unless
  - (a) otherwise specifically stated in the contract, or
  - (b) the interest of the insured in that property is stated in the contract.

### Change of interest

3. The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

### Material change in risk

4. (1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
  - (a) material to the risk, and
  - (b) within the control and knowledge of the insured.
- (2) If an insurer or its agent is not properly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
- (3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
  - (a) terminate the contract in accordance with Statutory Condition 5, or
  - (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within 15 days after receipt of the notice, pay to the insurer an additional premium specified in the notice.
- (4) If the insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

### Termination of insurance

5. (1) The contract may be terminated
  - (a) by the insurer giving to the insured 15 days' notice of termination by registered mail or 5 days' written notice of termination personally delivered, or
  - (b) by the insured at any time on request.
- (2) If the contract is terminated by the insurer,
  - (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
  - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.
- (3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.
- (4) The 15 day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address.

### Requirements after loss

## ASCENT CYBERPRO POLICY (CANADA)

6. (1) On the happening of any loss of or damage to insured property, the insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,
- (a) immediately give notice in writing to the insurer,
  - (b) deliver as soon as practicable to the insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration,
    - (i) giving a complete inventory of that property and showing in detail quantities and cost of that property and particulars of the amount of loss claimed,
    - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the insured knows or believes,
    - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the insured,
    - (iv) stating the amount of other insurances and the names of other insurers,
    - (v) stating the interest of the insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property,
    - (vi) stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued, and
    - (vii) stating the place where the insured property was at the time of loss,
  - (c) if required by the insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property, and
  - (d) if required by the insurer and if practicable,
    - (i) produce books of account and inventory lists,
    - (ii) furnish invoices and other vouchers verified by statutory declaration, and
    - (iii) furnish a copy of the written portion of any other relevant contract.
- (2) The evidence given, produced or furnished under subparagraph (1) (c) and (d) of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

### Fraud

7. Any fraud or wilfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

### Who may give notice and proof

8. Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made
- (a) by the agent of the insured, if
    - (i) the insured is absent or unable to give the notice or make the proof, and
    - (ii) the absence or inability is satisfactorily accounted for, or
  - (b) by a person to whom any part of the insurance money is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

### Salvage



## ASCENT CYBERPRO POLICY (CANADA)

9. (1) In the event of loss or damage to insured property, the insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- (2) The insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the insured under subparagraph (1) of this condition.

### Entry, control, abandonment

10. After loss or damage to insured property, the insurer has
  - (a) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
  - (b) after the insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
    - (i) without the insured's consent, the insurer is not entitled to the control or possession of the insured property, and
    - (ii) without the insurer's consent, there can be no abandonment to it of the insured property.

### In case of disagreement

11. (1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the insured's right to recover under the contract is disputed, and independently of all other questions.
- (2) There is no right to a dispute resolution process under this condition until
  - (a) a specific demand is made for it in writing, and
  - (b) the proof of loss has been delivered to the insurer.

### When loss payable

12. Unless the contract provides for a shorter period, the loss is payable within 60 days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the insurer.

### Repair or replacement

13. (1) Unless a dispute resolution process has been initiated, the insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within 30 days after receiving the proof of loss.
- (2) If the insurer gives notice under subparagraph (1) of this condition, the insurer must begin to repair, rebuild or replace the property within 45 days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

### Notice

14. (1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.
- (2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

**Certificate Number**

**Named Insured**

**Period of Insurance**

From

To

(both days at 12.01a.m. Local Standard Time at the address shown of the **Named Insured**)

## Endorsement No. 1

### Cyber Terrorism Endorsement

It is hereby understood and agreed that:

Paragraph R of Section **VIII. WHAT WE DO NOT COVER: EXCLUSIONS** shall be amended to read as follows:

- R. All losses or expenses arising from a terrorist act unless such act is perpetrated electronically. For the purposes of this agreement, a terrorist act means an act or series of acts including the use of force or violence of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious, or ideological purposes, including the intention to influence any government and/or to put the public in fear for such purposes;

All other terms and conditions remain unchanged.

**Dated**

Certificate Number

Named Insured

Period of Insurance

From

To

(both days at 12.01a.m. Local Standard Time at the address shown of the **Named Insured**)

## Endorsement No. 2

### Ridge Miller Amendatory Endorsement

It is hereby understood and agreed that:

It is hereby understood and agreed that **INSURING MODULE 1: (SECURITY AND PRIVACY LIABILITY)** is amended to read as follows:

#### INSURING MODULE 1: (SECURITY AND PRIVACY LIABILITY)

We shall pay on **your** behalf **damages** and **claims expenses** that exceed **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, arising from an actual or alleged **security and privacy wrongful act(s)** by **you** or others acting on **your** behalf for which **you** are legally liable provided that such act(s) occurred on or after the **retroactive date**.

It is hereby understood and agreed that Paragraphs K, M, FF, GG, HH and VV of Section **VII. DEFINITIONS** are amended to read as follows:

- K. **Data** means any machine readable information, including ready for use programs or electronic data, irrespective of the way it is used and rendered including, but not limited to, text or digital media or digital images of documents.
- M. **Delivered programs** means programs, applications, and software where the development stage has been finalized, having passed all test-runs or has been proven successful in a live environment.
- FF. **Network extortion threat** means a credible threat or series of related threats, including:
1. a demand for funds, money, property or services;
  2. a threat which could directly or indirectly lead to the disruption of business;
  3. threat or harm to persons or property;
- directed at **you** to avoid corruption, damage, destruction, or introduction of a **computer virus**, **malicious code**, or a **denial of service** to any aspect of **your computer network**, or any threat or series of related threats to release, or disclose confidential and personal information which resides within **your computer network**.
- GG. **Network extortion monies** means:
1. Monies payable by **you**, with **our** prior written consent, where it is practical to wait for such written consent, such consent not to be unreasonably withheld to a person(s) or entity(ies) reasonably believed to present a **network extortion threat** for the purpose of terminating such a threat; or
  2. Other reasonable and necessary costs and expenses payable by **you** with **our** prior written consent where it is practical to wait for such written consent, such consent not to be unreasonably withheld directly resulting from a **network extortion threat**.



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HH. **Notification expenses** means those reasonable and necessary legal expenses, public relations expenses, postage expenses, and related advertising expenses **you** incur with **our** consent and which are approved by **us** to mitigate damage to **your** brand or notification to affected individuals in the event of a **security event**, **privacy event**, or breach of **privacy regulations** that results in the compromise or potential compromise of personal information maintained by **you** or otherwise residing on a **computer network** operated by **you** or on **your** behalf.

VV. **Security and privacy wrongful act** means:

1. A **privacy event**, **security event** or breach of **privacy regulations** committed by **you** or which occurs on a **computer network** for which you are legally liable;
2. **Your** failure to disclose a **security event** or **privacy event** in violation of notification laws or regulations;
3. **Your** failure to prevent transmission of **malicious code**, a **computer virus**, or a **denial of service** attack from a **computer network** for which you are legally liable;
4. **Your** failure to prevent loss of **employee** personally identifiable information, as defined in **privacy regulations**; or
5. **Your** failure to maintain the security or confidentiality of personally identifiable information stored on a **computer network** for which you are legally liable, under any contract.

It is hereby understood and agreed that Paragraphs F, G, J and V of Section **VIII. WHAT WE DO NOT COVER: EXCLUSIONS** are amended to read as follows:

- F. Any **claim** made by an insured against another insured; unless
1. such **claim** is brought by an **employee** under Insuring Modules 1 or 6 ;
  2. the insured is a customer or a client and such **claim** is brought in the capacity of a customer.
  3. the result of your actual or alleged security and privacy wrongful act(s), multimedia and intellectual property wrongful act(s), and/or professional wrongful act(s) as provided by the contract between you and any party covered under section VI. (F).
- G. **Your** malicious, fraudulent, dishonest, or criminal act as determined in a final adjudication in the underlying action. Notwithstanding the foregoing, the insurance afforded by this policy shall apply to **claims expenses** incurred in defending any such **claim**, but shall not apply to any **damages** that **you** might become legally obligated to pay. **We** will have the right to recover those **claims expenses** incurred from those parties found to have committed malicious, fraudulent, dishonest, or criminal acts by a court, jury, or arbitrator. However, this exclusion does not bar coverage for the actions of a rogue **employee**, or coverage afforded under Insuring Module 9. For purposes of this exclusion, "rogue **employee**" means an **employee** who acts maliciously, fraudulently, dishonestly or criminally without the knowledge or consent of the past or present supervisors, managers, officers, directors or partners of the **Named Insured**;
- J. Satellite failures; electrical or mechanical failures and/or interruption including, but not limited to, electrical disturbance, spike, brownout, or blackout; outages to electricity, gas, water, telephone, cable, telecommunications; gradual deterioration of overhead transmission, distribution lines or subterranean insulation or cabling or other infrastructure, unless such infrastructure is under **your** operational control and unless such **claim** forms part of a **network event**. This exclusion does not apply in respect of Insuring Modules 3 and 4;
- V. Any actual or alleged unfair competition, antitrust violations, deceptive trade practices, or restraint of trade or antitrust statute, legislation, or regulation. However, this exclusion shall not apply to the extent that a **claim** falls under Insuring Module 7:



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It is hereby understood and agreed that Paragraph B of Section **X. EXTENDED REPORTING PROVISIONS** is amended to read as follows:

- B. Extended Reporting Period Endorsement: In the event of cancellation or non-renewal of this policy by **you** or **us**, **you** shall have the right, upon payment in full and not proportionally or otherwise in part of:
1. One hundred (100%) of the gross premium set forth in item 6 of the Declarations to have issued an endorsement providing a 12-month **extended reporting period** for **claims** relating to those Insuring Module(s) purchased as shown in the Declarations, provided that any actual or alleged wrongful acts under Insuring Module(s) 1, 2, 3, or 4, **network event** under Insuring Module(s) 5 or 11, **security event**, **privacy event** or breach of **privacy regulations** under Insuring Module 6, **privacy event**, **security event**, or breach of **privacy regulations** under Insuring Module 7, **network extortion threat** under Insuring Module 8, or **security event** under Insuring Module 9 and 10, all if applicable, occurred prior to the end of the **policy period** and are otherwise covered by this policy and are reported to **us** during the **extended reporting period**, and subject to the conditions set forth herein; or
  2. One hundred and fifty (150%) of the gross premium set forth in item 6 of the Declarations to have issued an endorsement providing a 24-month **extended reporting period** for **claims** relating to those Insuring Module(s) purchased as shown in the Declarations, provided that any actual or alleged wrongful acts under Insuring Module(s) 1, 2, 3, or 4, **network event** under Insuring Module(s) 5 or 11, **security event**, **privacy event** or breach of **privacy regulations** under Insuring Module 6, **privacy event**, **security event**, or breach of **privacy regulations** under Insuring Module 7, **network extortion threat** under Insuring Module 8, or **security event** under Insuring Module 9 and 10, all if applicable, occurred prior to the end of the **policy period** and are otherwise covered by this policy and are reported to **us** during the **extended reporting period**, and subject to the conditions set forth herein.

In order for the named insured to purchase the **extended reporting period**, the payment of the additional premium must be paid to **us** within thirty (30) days of the non-renewal or cancellation.

It is hereby understood and agreed that **XV. OTHER INSURANCE** is amended to read as follows.

**XV. OTHER INSURANCE**

This policy shall apply as primary.

All other terms and conditions remain unchanged.

Dated



**Certificate Number**

**Named Insured**

**Period of Insurance**

From

To

(both days at 12.01a.m. Local Standard Time at the address shown of the **Named Insured**)

## Endorsement No. 3

### Payment Card Industry Fines and Assessments Endorsement

It is hereby understood and agreed that:

1. The following Insuring Module is added under **I. WHAT WE COVER: INSURING MODULES**

#### **PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE**

We shall pay on **your** behalf **Payment Card Industry fines and assessments** owed by **you** under the terms of a **Merchant Services Agreement** in excess of **your deductible** as stated within item 4 of the Declarations, which **you** become legally obligated to pay as a result of any **claim** first made against **you** and notified by **you** to **us** in writing, in accordance with Section XI of this policy, during the **policy period** or any **extended reporting period**, if applicable, arising solely from a **privacy event** or **security event**.

2. Item 3(A) of the Declarations is amended to include the following:

PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE:

CAD Each **claim** and in the aggregate including **claims expenses**

3. Item 4 of the Declarations is amended to include the following:

PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE:

CAD Each and every **claim** including **claims expenses**

4. For the purpose of the coverage provided under PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE only, and subject to the Limit of Liability stated above, it is agreed that Section **VII. DEFINITIONS**, D. **Claim**, is amended to include:

7. A written demand or civil suit by a financial institution, **credit card association** or payment card processor alleging that **you** must pay **Payment Card Industry fines and assessments** under its **Merchant Services Agreement** with **you** as the result of the unauthorized acquisition of cardholder data as defined under the **Payment Card Industry Data Security Standard**.

5. For the purpose of the coverage provided under PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE only, and subject to the Limit of Liability stated above, it is agreed that Paragraphs M and U of Section **VIII. WHAT WE DO NOT COVER: EXCLUSIONS**, are deleted in their entirety and replaced with the following:

M. Any breach of any express, implied, actual, or constructive contract, warranty, guarantee, or promise, or the liability of others assumed by **you** under any contract or agreement, but this exclusion does not apply to:

1. Any liability or obligation **you** would have in the absence of such contract or agreement;
2. Unintentional **breach of contract**, but only with respect to **technology services**; or



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3. A breach of **your** privacy policy; or
  4. Any otherwise covered **claim** under PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE owed by **you** under the terms of a **Merchant Services Agreement**
- U. Any charge backs, interchange fees, discount fees or prospective service fees arising out of any agreement by **you** to comply with or follow the **Payment Card Industry Data Security Standards** or any Payment Card Company rules; or implement, maintain, or comply with any security measures or standards related to any payment card data. .
6. For the purpose of the coverage provided under PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE only, and subject to the Limit of Liability stated above, Section **II. DEFENSE, SETTLEMENT, AND INVESTIGATION OF CLAIMS**, paragraphs A. and D. are deleted and replaced with the following:
  - A. With respect to Insuring Modules 1, 2, 3, 4, 7 and the PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE, **we** shall have the right and duty to defend any **claim** by a third party against **you** seeking payment under the terms of this policy, even if any of the allegations of the **claim** are groundless, false, or fraudulent, and subject to the Limit of Liability, exclusions, and other terms and conditions of this policy. **You** shall seek **our** consent, which shall not be unreasonably withheld, prior to appointment of defense counsel.
  - D. With respect to Insuring Modules 1, 2, 3, 4, 7 and the PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE, if **you** refuse to consent to any settlement or compromise recommended by **us** that is acceptable to the claimant and elect to contest the **claim**, **our** total liability for any **damages, claims expenses**, and other amounts covered under this policy shall not exceed:
    1. The amount for which the **claim** could have been settled, less the remaining **deductible**, plus the **claims expenses** incurred up to the time of such refusal; and
    2. Seventy percent (70%) of any **damages, claims expenses**, or other amounts covered under this policy incurred after the date such settlement or compromise was recommended to **you**. The remaining thirty percent (30%) of such **damages, claims expenses**, or other amounts covered under this policy are to be borne by **you** at **your** own risk and uninsured under this policy.or the unexhausted portion of the applicable Limit of Liability, whichever is less.
7. For the purpose of the coverage provided under PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE only, and subject to the Limit of Liability stated above, Section **XI. NOTICE OF CLAIM OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**, A. is deleted and replaced with:
  - A. It is a condition precedent to coverage under this policy that, if any **claim** is made against **you** under Insuring Module(s) 1, 2, 3, 4, or the PAYMENT CARD INDUSTRY FINES AND ASSESSMENTS INSURING MODULE then **you** shall immediately forward every demand, notice, summons or other information received by **you** or **your** representative to **us**, through persons named in item 7 of the Declarations, as soon as practicable after **your** Chief Information Officer, Risk Manager, General Counsel, Chief Operations Officer, Chief Executive Officer or their functional equivalents within the legal entity(s) shown in Item 1 of the Declarations have first become aware of such **claim**, provided that such demand, notice summons or other information is not received more than fourteen (14) days after the expiration of the **policy period**.

All other terms and conditions remain unchanged.

Dated





**Certificate Number**

**Named Insured**

**Period of Insurance**

From

To

(both days at 12.01a.m. Local Standard Time at the address shown of the **Named Insured**)

## Endorsement No. 4

### Lawyers DIC Endorsement

It is hereby understood and agreed that:

With respect to any actual or alleged **privacy event, security event** or breach of **privacy regulations**, the following will apply:

If a **claim** is first made against **you** during the **policy period** or any **extended reporting period** arising solely out of any actual or alleged **privacy event, security event** or breach of **privacy regulations** which occurs on **your computer network** and is otherwise covered under this Policy, then this policy will apply as primary insurance in respect of **damages and claims expenses**, which you become legally obligated to pay that exceed **your deductible** as stated in Item 4 of the Declarations and are within the Limit of Liability of this Policy.

If a **claim** is first made against **you** during the **policy period** or any **extended reporting period** arising out of any actual or alleged **privacy event, security event** or breach of **privacy regulations** committed by you which does not occur on **your computer network**, and is otherwise covered under this Policy, then this policy will apply as excess insurance in respect of **damages and claims expenses**, which you become legally obligated to pay in excess of **your professional liability policies'** limit of liability provided that **your professional liability policies** are maintained in full effect during the **policy period** of this policy, except for any reduction of the aggregate limit of liability contained therein solely by payment of **claims** by the insurers of **your professional liability policies**, and

Whenever **we** provide coverage in excess of **your professional liability policies**

- i. the **deductible** for this policy shall not apply;
- ii. this policy shall not attach unless and until the insurers of **your professional liability policies** have paid, have admitted liability in writing, or have been held liable to pay, the full amount of their limit of liability, and
- iii. in the event a **claim** is paid by the insurers of **your professional liability policies** that results in the limit of liability of such policy being
  - a partly reduced, then this policy shall apply in excess of the reduced amount of **your professional liability policies** for the remainder of the policy period for claims otherwise covered by this policy
  - b totally exhausted, then this policy shall apply as if it were primary for the remainder of the **policy period** for **claims** otherwise covered by this policy.

**VII. DEFINITIONS** are amended to include the following definition

**Professional liability policies** means any primary or excess malpractice insurance policies designed to provide coverage for errors and omissions in the delivery or failure to deliver professional services.

Solely for the purpose of the subject matter of this Endorsement, **XV. OTHER INSURANCE** is deleted in its entirety.





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All other terms and conditions remain unchanged.

Dated

Specimen



**CERTIFICATE ATTACHING TO AND FORMING PART OF  
Ascent CyberPro (Optio) Canada v2.6****Certificate Number****Named Insured**

Ridge Law Firm Endt

**Period of Insurance**

From To

(both days at 12.01a.m. Local Standard Time at the address shown of the **Named Insured**)**Endorsement No. 5****Ridge Law Firm Amendatory Endorsement**

It is hereby understood and agreed that:

**VI. INSURED**

The insured means:

- A. The legal entity(s) shown in item 1 of the Declarations;
- B. Any **subsidiary** of the legal entity(s) shown in item 1 of the Declarations, but only with respect to wrongful acts, insured events, breaches or threats as detailed under the relevant Insuring Module that occur while it is a **subsidiary** and otherwise covered by this policy;
- C. Any past, present, or future officer, director (whether elected, appointed or de facto), trustee, partner or **employee**, of any party described in VI (A) or (B) above, but only while acting within the scope of their duties as such;
- D. In the event that any party described in VI (A) or (B) above is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting within the scope of their duties as such;
- E. Any agent or independent contractor, including distributors, licensees, and sub-licensees, but only while acting on behalf of, at the direction of, or under the control of any party described in VI (A) or (B) above; and
- F. With respect to Insuring Module(s) 1, 2, 3, and/or 4, if purchased, coverage hereunder is extended to any individual(s) or entity(ies) required by contract to be named as an additional insured under this policy but only to the extent of the services as provided by the contract between the party described in VI (A) or (B) above and the individual(s) or entity(ies) and only with respect to **damages** and **claims expenses** that exceed **your** deductible which they become legally obligated to pay as a result of any **claim** arising solely out of **security and privacy wrongful act(s)**, **multimedia and intellectual property wrongful act(s)**, and/or **professional wrongful act(s)** committed or allegedly committed by the party(ies) described in VI (A) or (B) above. It is a condition precedent to coverage under the foregoing paragraph that:
  - 1. all individuals and entities included in VI (F) above must abide by all of the policy's terms and conditions;
  - 2. all individuals and entities included in VI (F) above must accept and abide by the decisions of **us** and the legal entity(s) shown in item 1 of the Declarations with regard to the handling and resolving of any **claim**; and
  - 3. the **named insured** is authorized to act and agrees to act on behalf of all individual(s) or entity(ies) insured under this policy with respect to all matters pertaining to the insurance afforded by the policy;

Nothing in this policy shall serve to provide coverage for any party described in VI (E) and/or (F) above for **claims** arising out of **security and privacy wrongful act(s)**, **multimedia and intellectual property wrongful act(s)**, and/or **professional wrongful act(s)** committed or allegedly committed by any party described in VI (E) or (F) above.



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**VII. DEFINITIONS** paragraphs G and YY is amended to read as follows

G. **Computer fraud** means an intentional, unauthorized or fraudulent entry of **data** including when such entry is made via the internet or another **computer network** provided that such act is committed by any person or persons who is not an **employee** or partner or is committed by an **employee** or partner who is not a member of your executive committee with the intent to defraud that results in any or all of the following;

1. **Your money, your securities or your other asset** being transferred, disbursed, paid, delivered, altered, corrupted or lost.
2. **Money, securities or other asset of your** customers or clients being disbursed, paid, delivered, altered, corrupted, or lost from an account that is in **your** trust or control.
3. Creation of an unauthorized or fictitious account in **your** name

**Computer fraud** does not include **electronic theft, social engineering fraud, or telecommunications fraud.**

YY. **Social engineering fraud** means a misrepresentation of fact or an intentional, malicious, wilful or fraudulent act undertaken by a third party that misleads an officer, director (whether elected, appointed or de facto), trustee, partner or **employee** and directly results in any or all of the following;

1. **Your money, your securities or your other asset** being transferred, disbursed, paid, delivered, altered, corrupted or lost;
2. **Money, securities or other asset of your** customers or clients being disbursed, paid, delivered, altered, corrupted, or lost from an account that is in **your** trust or control.

All other terms and conditions remain unchanged.

Dated

