

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SECURITY AND PRIVACY LIABILITY COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE POLICY

ENDORSEMENT RETROACTIVE DATE:

Solely with respect to the coverage afforded by this endorsement, in consideration of the payment of the premium and in reliance on the statements made and information furnished to the Company shown on the Declarations, hereinafter the Insurer, including the statements made in the **Application** which are deemed a part of this policy, and subject to all other terms of this policy, the Insurer and the **Insured** agree as follows:

### **SCHEDULE**

<b>INSURING AGREEMENTS</b>	<b>SUB-LIMIT OF LIABILITY</b>	<b>DEDUCTIBLE</b>
<b>Security and Privacy Liability</b>	<b>\$</b>	<b>\$</b>
<b>Regulatory Action Defense</b>	<b>\$</b>	<b>\$</b>

**SECTION I., INSURING AGREEMENTS**, of the policy is amended to add the following:

#### **Security and Privacy Liability**

The Insurer will pay on behalf of the **Insured** those sums, in excess of the **Security and Privacy Liability** Deductible and within the sub-limit of liability stated for **Security and Privacy Liability** in the Schedule in this endorsement, which the **Insured** becomes legally obligated to pay as **Damages** and **Claim Expense** resulting from any covered **Claim** arising out of a **Wrongful Act** resulting in an **Enterprise Security Event** when the **Claim** is first made against the **Insured** during the **Endorsement Period** or any Extended Reporting Period, if applicable, as a result of **Wrongful Acts** committed or allegedly committed between the **Endorsement Retroactive Date** and the end of the **Policy Period**.

#### **Regulatory Action Defense**

The Insurer will pay on behalf of the **Insured** those sums, in excess of the **Regulatory Action Defense** Deductible and within the sub-limit of liability stated for **Regulatory Action Defense** in the Schedule in this endorsement, which the **Insured** becomes legally obligated to pay as **Claim Expense** resulting from any covered **Claim** in the form of a **Regulatory Action** arising out of a **Wrongful Act** resulting in an **Enterprise Security Event** when the **Claim** is first made against the **Insured** during the **Endorsement Period** or any Extended Reporting Period, if applicable, as a result of **Wrongful Acts** committed or allegedly committed between the **Endorsement Retroactive Date** and the end of the **Policy Period**.

**SECTION II., DEFINITIONS**, **Claim** of the policy is deleted in its entirety and replaced by the following:

**Claim** means a written demand or written assertion of a legal right made against any **Insured** seeking **Damages** or non-monetary relief, including arbitration proceedings and **Disciplinary Proceedings**, including any appeal therefrom. **Claim** also means a **Regulatory Action**.

**SECTION II., DEFINITIONS**, **Wrongful Act** of the policy is deleted in its entirety and replaced by the following:

**Wrongful Act** means conduct or alleged conduct by an **Insured**, or any person or organization for whom an **Insured** is legally liable in its capacity as such.

With respect to **SECTION I. INSURING AGREEMENTS, Security and Privacy Liability and Regulatory Action Defense** an act, error or omission.

All **Interrelated Wrongful Acts** regardless of the number of repetitions, alterations, actions, or forms of communication shall be treated as one **Wrongful Act**.

**SECTION II., DEFINITIONS** of the policy is amended to add the following definitions, solely with respect to the coverage afforded in this endorsement:

**Corporate Information** means with respect to a third party organization, any information held by the **Insured**:

1. That is subject to any form of confidentiality agreement or confidentiality provision in a contract or agreement between the organization and any **Named Insured**; and
2. Which the **Named Insured** is legally required to maintain in confidence.

However, **Corporate Information** does not include **Protected Personal Information** or any publicly available information that is lawfully in the public domain or information available to the general public from government records.

**Endorsement Period** means the period of the time between the endorsement effective date and the end of the **Policy Period**, or any shorter period resulting from cancellation.

**Endorsement Retroactive Date** means the **Endorsement Retroactive Date** specified at the top of the first page of this endorsement.

**Enterprise Security Event** means any of the following:

1. Accidental release, unauthorized disclosure, theft, or loss of **Protected Personal Information** by the **Insured** or **Service Contractor**; or
2. The failure to prevent any of the following:
  - a. Unauthorized access to or unauthorized use of **Protected Data** on the **Insured's Computer System** that directly results in alteration, destruction, deletion, corruption or damage of **Protected Data**;
  - b. Transmitting or receiving **Malicious Code** via the **Insured's Computer System**; or
  - c. Unauthorized access to or unauthorized use of the **Insured's Computer System** that directly results in denial or disruption of access of authorized parties.

All **Enterprise Security Events** that involve the same or related subject, person, class of persons or have common facts or circumstances or involve common transactions, events or decisions, regardless of the number of repetitions, alterations, actions, or forms of communication will be treated as one **Enterprise Security Event**.

**Interrelated Wrongful Acts** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally or logically connected facts, circumstances, situations, events, transactions, or causes.

**Insured's Computer System** means computers and associated input and output devices, data storage devices, networking equipment, and back up facilities operated by and either owned by or leased to the **Named Insured**; or operated for the benefit of the **Named Insured** by a third party service provider and used for the purpose of providing hosted application services to the **Named Insured**; or for processing, maintaining, or storing electronic data, pursuant to written contract with the **Named Insured**.

**Malicious Code** means any computer virus, Trojan horse, worm, or other code, script, or software program that is intentionally designed and released or inserted to damage, harm or infect any or all parts of a computer network and/or **Protected Data** on such a network.

**Privacy Regulation** means any of the following statutes and regulations associated with the care, custody, control or use of personally identifiable financial, medical or other sensitive personal information:

1. Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191);
2. Health Information Technology for Economic and Clinical Health Act of 2009, and its related regulations;
3. Gramm-Leach-Bliley Act of 1999;
4. California Database Breach Act (SB1386);
5. Minnesota Plastic Card Security Act; or
6. Other similar state, federal and foreign identity theft and privacy protection legislation that requires commercial entities that collect, process or store **Protected Personal Information** to post privacy policies, adopt specific privacy controls, or notify natural persons and/or organizations in the event that **Protected Personal Information** has been comprised.

**Protected Data** means **Protected Personal Information** and **Corporate Information**.

**Protected Personal Information** means, with respect to natural persons, any private, non-public or public information of any kind maintained by the **Insured** or a party for whom the **Insured** is legally responsible regardless of the nature or form of such information, including but not limited to the following, but only to the extent such information allows an individual to be uniquely identified:

1. Social Security Number;
2. Medical service or healthcare data;
3. Driver's license or state identification number;
4. Equivalents of any of the information listed in 1. – 3, above;
5. Account, credit card, or debit card number, alone or in combination with any information that permits access to an individual's financial information, including, but not limited to, security or access code or password; and
6. Other public or non-public information to the extent protected under **Privacy Regulations**.

**Regulatory Action** means a **Claim** brought against any **Insured** for an actual or alleged violation of any **Privacy Regulation** in the form of a request for information, civil investigative demand, or civil proceeding commenced by service of a complaint or similar proceeding brought by or on behalf of the Federal Trade Commission, Federal Communications Commission, or any federal, state, or local governmental agency.

**Service Contractor** means any organization that processes, maintains, or stores **Protected Personal Information** on behalf of the **Named Insured**, pursuant to a written contract with the **Named Insured**.

**SECTION III., EXCLUSIONS, A.15. and A.16.** of the policy are deleted in their entirety and replaced by the following, solely with respect to the coverage afforded in this endorsement:

The **Insurer** is not obligated to pay **Damages** or **Claim Expense** or defend **Claims** for or arising directly or indirectly out of:

15. Actions, decisions, orders or proceedings by the Federal Trade Commission, Federal Communications Commission or any other federal, state or local governmental regulatory agency, except for **Disciplinary Proceedings**. Provided, however, this exclusion shall not apply to a **Claim** covered under **SECTION I., INSURING AGREEMENTS, Regulatory Action Defense**.
16. Unauthorized access to, unauthorized use of, or unauthorized alteration of any computer or system, hardware, software, program, network, data, database, communication network or service, by any **Insured** or **Service Contractor**, including the introduction of malicious code or virus, or repetitively accessing a website under the control of an **Insured** with the intent to deny others access to such website or with the intent to cause such website's functionality to fail, including what is commonly referred to as denial of service attacks.

Provided, however, this exclusion shall not apply with respect to:

**Wrongful Acts** allegedly or actually committed by a person who would qualify as an **Insured** but for their acts being outside the scope of their duties as a partner, officer, director, or employee of an **Insured**, solely with respect to **Claims** arising from **Wrongful Acts** resulting in an **Enterprise Security Event** and covered under **SECTION I. Insuring Agreements, Security and Privacy Liability**.

**SECTION III., EXCLUSIONS, B.3.** of the policy is deleted in its entirety and replaced by the following, solely with respect to the coverage afforded in this endorsement:

The Insurer is not obligated to pay **Damages** or **Claim Expense** or defend **Claims** made by:

3. Any **Insured**, provided, however, this exclusion shall not apply to employees with respect to **Claims** arising from **Wrongful Acts** resulting in an **Enterprise Security Event** and covered under **SECTION I, INSURING AGREEMENT, Security and Privacy Liability**;

**SECTION IV., LIMITS OF LIABILITY AND DEDUCTIBLE, A.3.** Sub-limits, of the policy is amended to add the following sub-limited coverages, solely with respect to the coverage afforded by this endorsement:

#### **Security and Privacy Liability**

The most the Insurer will pay for all **Damages** and **Claim Expense** incurred in connection with **Claims** other than **Regulatory Actions** arising from **Wrongful Acts** resulting in an **Enterprise Security Event** during the **Policy Period** or any applicable Extended Reporting Period shall be the amount stated for **Security and Privacy Liability** in the Schedule of this endorsement, no matter how many:

- (1) **Insureds** this policy covers;
- (2) **Claims** are made;
- (3) Persons or organizations make **Claims**;
- (4) **Wrongful Acts** are committed; or
- (5) **Enterprise Security Events** occur.

If the amount entered into the Schedule for this endorsement for a sub-limit is Not Applicable (N/A), \$0 or blank, this policy provides no coverage for **Security and Privacy Liability**.

#### **Claim Expense for Regulatory Action Defense**

The most the Insurer will pay for all **Claim Expense** incurred in connection with **Claims** brought in the form of a **Regulatory Action** arising from **Wrongful Acts** resulting in an **Enterprise Security Event** during the **Policy Period** or any applicable Extended Reporting Period shall be the amount stated for **Regulatory Action Defense** in the Schedule of this endorsement, no matter how many:

- (1) **Insureds** this policy covers;

- (2) **Claims** are made;
- (3) Persons or organizations make **Claims**;
- (4) **Wrongful Acts** are committed; or
- (5) **Enterprise Security Events** occur.

If the amount entered into the Schedule for this endorsement for a sub-limit is Not Applicable (N/A), \$0 or blank, this policy provides no coverage for **Regulatory Action Defense**.

**SECTION IV., LIMITS OF LIABILITY AND DEDUCTIBLE, B. Deductible** of the policy is amended to add the following:

**Security and Privacy Liability Deductible**

A separate Deductible applies to each actual and/or alleged **Wrongful Act** resulting in an **Enterprise Security Event** that gives rise to a **Claim** other than a **Regulatory Action**. The Deductible shall be in the amount stated for **Enterprise Security and Privacy Liability** in the Schedule of this endorsement, and shall apply to **Damages** and **Claim Expense** incurred in connection with such **Claims**. The Insurer's obligation to pay **Damages** and **Claim Expense** pursuant to the coverage afforded by this endorsement applies only to the amount of **Damages** and **Claim Expense** in excess of the Deductible.

**Regulatory Action Claim Expense Deductible**

A separate Deductible applies to each actual and/or alleged **Wrongful Act** resulting in an **Enterprise Security Event** that gives rise to a **Claim** in the form of a **Regulatory Action**. The Deductible shall be in the amount stated for **Regulatory Action Defense** in the Schedule of this endorsement, and shall apply to **Claim Expense** incurred in connection with such **Regulatory Action**. The Insurer's obligation to pay **Claim Expense** pursuant to the coverage afforded by this endorsement applies only to the amount of **Claim Expense** in excess of the Deductible.

Except as stated above, this endorsement does not change any other provisions of this policy.

Endorsement No.  
This endorsement, effective at 12:01 a.m.  
forms a part of Policy number  
issued to

---

Authorized Representative