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Beazley Claims Service

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

First Party Cyber Section

Business Interruption Loss, Dependent Business Loss, Cyber Extortion Loss, Data Recovery Costs, eCrime, Cryptojacking and Criminal Reward

Coverages

Business Interruption Loss

To indemnify the **insured organization** for **business interruption loss** that the **insured organization** sustains as a result of a **security breach** or **system failure** that the **insured** first discovers during the **policy period**.

Dependent Business Loss

To indemnify the **insured organization** for **dependent business loss** that the **insured organization** sustains as a result of a **dependent security breach** or a **dependent system failure** that the **insured** first discovers during the **policy period**.

Cyber Extortion Loss

To indemnify the **insured organization** for **cyber extortion loss** that the **insured organization** incurs as a result of an **extortion threat** first made against the **insured organization** during the **policy period**.

Data Recovery Costs

To indemnify the **insured organization** for **data recovery costs** that the **insured organization** incurs as a direct result of a **security breach** or **system failure** that the **insured** first discovers during the **policy period**.

eCrime

To indemnify the **insured organization** for any direct financial loss sustained resulting from:

- (a) **fraudulent instruction**;
- (b) **funds transfer fraud**; or
- (c) **telephone fraud**;

that the **insured** first discovers during the **policy period**.

Cryptojacking

To indemnify the **insured organization** for any direct financial loss sustained resulting from **cryptojacking** that the **insured** first discovers during the **policy period**.

Criminal Reward

To indemnify the **insured organization** for **criminal reward funds**.



Exclusions from cover

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

Bodily Injury and Property Damage

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

First Party Loss

arising out of, based upon or attributable to:

- (a) seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority;
- (b) costs or expenses incurred by the **insured** to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or **computer systems** to a level beyond that which existed prior to a **security breach, system failure, dependent security breach, dependent system failure** or **extortion threat**;
- (c) failure of malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the **insured organization's** direct operational control; or
- (d) fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

Gathering or Distribution of Information

arising out of, based upon or attributable to:

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

Patent, Software Copyright, Misappropriation or Information

arising out of, based upon or attributable to:

- (a) infringement, misuse or abuse of patent or patent rights;
- (b) infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or **unauthorized access or use** of software code by a person who is not a past, present or future employee, directors, officer, partner or independent contract of the **insured organization**; or
- (c) use or misappropriation of any ideas, trade secrets or **third party information** (i) by, or on behalf of, the **insured organization**, or (ii) by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the **control group**.

Prior Knowledge and Prior Notice

arising out of, based upon or attributable to:

- (a) any act, error, omission, incident or event committed prior to the inception date if any member of the **control group** on or before the **continuity date** knew or could have reasonably foreseen that such act, error, omission, incident or event might be expected to be the basis of a **loss**; or



- (b) any **loss**, incident or circumstance of which notice has been provided under any prior policy of which this Policy is a renewal or replacement.

Trading Losses, Loss of Money & Discounts

arising out of, based upon or attributable to:

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

This Exclusion will not apply to eCrime Coverage.

First Party Loss Requirements and Information

Notification of Losses

With respect to **cyber extortion loss**, the **named insured** must notify the **insurance company** via the email address listed in the Declarations as soon as practicable after discovery of an **extortion threat** but no later than 30 days after the end of the **policy period**. The **named insured** must obtain the **insurance company's** consent prior to incurring **cyber extortion loss**.

With respect to **data recovery costs, business interruption loss** and **dependent business loss** the **named insured** must notify the **insurance company** through the contacts listed in the Declarations as soon as practicable after discovery of the circumstance, incident or event giving rise to such loss. The **named insured** will provide the **insurance company** a proof of **data recovery costs, business interruption loss** and **dependent business loss**, and this Policy will cover the reasonable and necessary costs, not to exceed USD 50,000, that the **named insured** incurs to contract with a third party to prepare such proof. All loss described in this paragraph must be reported, and all proofs of loss must be provided, to the **insurance company** no later than 6 months after the end of the **policy period**.

The **named insured** must notify the **insurance company** of any loss covered under eCrime and Cryptojacking Coverages as soon as practicable, but in no event later than 30 days after the end of the **policy period**. Notice must be provided through the contacts listed in the Declarations.

Related Losses

All related **losses** are considered a single **loss** for the purposes of this Policy.

With respect to Business Interruption Loss, Dependent Business Loss, Cyber Extortion Loss and Data Recovery Costs Coverages, all acts, errors, omissions or events giving rise to a **loss** or multiple **losses** in connection with such Coverages are deemed to have been discovered at the time the first such act, error, omission or event is discovered, and will be treated by the **insurance company** as having been reported when the first of such acts, errors, omissions or events was reported or is deemed to have been reported to the **insurance company**.

Notice to the Insurance Company



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

Definitions

The following definitions are applicable to these Coverages:

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

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

business interruption loss means:

- (a) **income loss**;
- (b) **forensic expenses**; and
- (c) **extra expense**;

actually sustained during the **period of restoration** as a result of the actual interruption of the **insured organization's** business operations caused by a **security breach** or **system failure**. Coverage for **business interruption loss** will apply only after the **waiting period** has elapsed.

business interruption loss will not include (i) loss arising out of any liability to any third party; (ii) legal costs or legal expenses; (iii) loss incurred as a result of unfavourable business conditions; (iv) loss of market or any other consequential loss; (v) **dependent business loss**; or (vi) **data recovery costs**.

computer systems means computers, any software residing on such computers and any associated devices or equipment operated by and either owned by or leased to the **insured organization**.

continuity date means:

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

criminal reward funds means any amount offered and paid by the **insured organization** with the **insurance company's** prior written consent for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to any coverage under this Policy; but will not include any amount based upon information provided by the **insured**, the **insured's** auditors or any individual hired or retained to investigate the illegal acts. All **criminal reward funds** offered pursuant to this Policy must expire no later than 6 months following the end of the **policy period**.

cryptojacking means the **unauthorized access or use of computer systems** to mine for **digital currency** that directly results in additional costs incurred by the **insured organization** for electricity, natural gas, oil, or internet (the "**utilities**"); provided, however, that such additional costs for the **utilities** are:

- (a) incurred pursuant to a written contract between the **insured organization** and the respective utility provider, which was executed before the **cryptojacking** first occurred;
- (b) billed to the **insured organization** by statements issued by the respective utility provider, which include usage or consumption information;



- (c) not charged to the **insured organization** at a flat fee that does not scale with the rate or use of the respective utility; and
- (d) incurred pursuant to statements issued by the respective utility provider and due for payment during the **policy period**.

cyber extortion loss means:

- (a) any **extortion payment** that has been made by or on behalf of the **insured organization** with the **insurance company's** prior written consent to prevent or terminate an **extortion threat**; and
- (b) reasonable and necessary expenses incurred by the **insured organization** with the **insurance company's** prior written consent to prevent or respond to an **extortion threat**.

data means any software or electronic data that exists in **computer systems**.

data breach means the theft, loss, or **unauthorized disclosure** of **personally identifiable information** or **third party information** that is in the care, custody or control of the **insured organization** or a third party for whose theft, loss or **unauthorized disclosure** of **personally identifiable information** or **third party information** the **insured organization** is liable.

data recovery costs means the reasonable and necessary costs incurred by the **insured organization** to regain access to, replace, or restore **data**, or if **data** cannot reasonably be accessed, replaced, or restored, then the reasonable and necessary costs incurred by the **insured organization** to reach this determination.

data recovery costs will not include: (i) the monetary value of profits, royalties, or lost market share related to **data**, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of **data**; (ii) legal costs or legal expenses; (iii) loss arising out of any liability to any third party; or (iv) **cyber extortion loss**.

dependent business means any entity that is not part of the **insured organization** but which provides necessary products or services to the **insured organization** pursuant to a written contract.

dependent business loss means:

- (a) **income loss**; and
- (b) **extra expense**;

actually sustained during the **period of restoration** as a result of an actual interruption of the **insured organization's** business operations caused by a **dependent security breach** or **dependent system failure**. Coverage for **dependent business loss** will apply only after the **waiting period** has elapsed.

dependent business loss will not include (i) loss arising out of any liability to any third party; (ii) legal costs or legal expenses; (iii) loss incurred as a result of unfavourable business conditions; (iv) loss of market or any other consequential loss; (v) **business interruption loss**; or (vi) **data recovery costs**.

dependent security breach means a failure of computer security to prevent a breach of computer systems operated by a **dependent business**.

dependent system failure means an unintentional and unplanned interruption of computer systems operated by a **dependent business**.

dependent system failure will not include any interruption of computer systems resulting from (i) a **dependent security breach**, or (ii) the interruption of computer systems that are not operated by a **dependent business**.



digital currency means a type of digital currency that:

- (a) requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;
- (b) is both stored and transferred electronically; and
- (c) operates independently of a central bank or other central authority.

extortion payment means **money, digital currency**, marketable goods or services demanded to prevent or terminate an **extortion threat**.

extortion threat means a threat to:

- (a) alter, destroy, damage, delete or corrupt **data**;
- (b) perpetrate the **unauthorized access or use of computer systems**;
- (c) prevent access to **computer systems** or **data**;
- (d) steal, misuse or publicly disclose **data, personally identifiable information** or **third party information**;
- (e) introduce malicious code into **computer systems** or to third party computer systems from **computer systems**; or
- (f) interrupt or suspend **computer systems**;

unless an **extortion payment** is received from or on behalf of the **insured organization**.

extra expense means reasonable and necessary expenses incurred by the **insured organization** during the **period of restoration** to minimize, reduce or avoid **income loss**, over and above those expenses the **insured organization** would have incurred had no **security breach, system failure, dependent security breach** or **dependent system failure** occurred.

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

forensic expenses means reasonable and necessary expenses incurred by the **insured organization** to investigate the source or cause of a **business interruption loss**.

fraudulent instruction means the transfer, payment or delivery of **money** or **securities** by an **insured** as a result of fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions provided by a third party, that is intended to mislead an insured through the misrepresentation of a material fact which is relied upon in good faith by such **insured**.

fraudulent instruction will not include loss arising out of:

- (a) fraudulent instructions received by the **insured** which are not first authenticated via a method other than the original means of request to verify the authenticity or validity of the request;
- (b) any actual or alleged use of credit, debit, charge, access, convenience, customer identification or other cards;
- (c) any transfer involving a third party who is not a natural person **insured**, but had authorised access to the **insured's** authentication mechanism;
- (d) the processing of, or the failure to process, credit, check, debit, personal identification number debit, electronic benefit transfers or mobile payments for merchant accounts;
- (e) accounting or arithmetical errors or omissions, or the failure, malfunction, inadequacy or illegitimacy of any product or service;
- (f) any liability to any third party, or any indirect or consequential loss of any kind;



- (g) any legal costs or legal expenses; or
- (h) proving or establishing the existence of **fraudulent instruction**.

funds transfer fraud means the loss of **money** or **securities** contained in a **transfer account** at a **financial institution** resulting from fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions by a third party issued to a **financial institution** directing such institution to transfer, pay or deliver **money** or **securities** from any account maintained by the **insured organization** at such institution, without the **insured organization's** knowledge or consent.

funds transfer fraud will not include any loss arising out of:

- (a) the type or kind covered by the **insured organization's** financial institution bond or commercial crime policy;
- (b) any actual or alleged fraudulent, dishonest or criminal act or omission by, or involving, any natural person **insured**;
- (c) any indirect or consequential loss of any kind;
- (d) punitive, exemplary or multiplied damages of any kind or any fines, penalties or loss of any tax benefit;
- (e) any liability to any third party, except for direct compensatory damages arising directly from **funds transfer fraud**;
- (f) any legal costs or legal expenses; or proving or establishing the existence of **funds transfer fraud**;
- (g) the theft, disappearance, destruction of, unauthorized access to, or unauthorized use of confidential information, including a PIN or security code;
- (h) any forged, altered or fraudulent negotiable instruments, securities, documents or instructions; or
- (i) any actual or alleged use of credit, debit, charge, access, convenience or other cards or the information contained on such cards.

income loss means an amount equal to:

- (a) net profit or loss before interest and tax that the **insured organization** would have earned or incurred; and
- (b) continuing normal operating expenses incurred by the **insured organization** (including payroll), but only to the extent that such operating expenses must necessarily continue during the **period of restoration**.

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

insured means:

- (a) the **insured organization**;
- (b) a director, executive officer, stockholder, **manager** or administrator of the **insured organization**, but only with respect to the performance of his or her duties as such for the **insured organization**.
- (c) an **employee**, volunteer worker or **independent contractor** of the **insured organization**, but only with respect to the performance of his or her duties as such for the **insured organization**;



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

loss means:

- (a) **business interruption loss**;
- (b) **dependent business loss**;
- (c) **cyber extortion loss**;
- (d) **data recovery costs**;
- (e) loss covered under eCrime Coverage;
- (f) **criminal reward funds**.

money means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

period of restoration means the 180-day period of time that begins upon the actual and necessary interruption of the **insured organization's** business operations.

personally identifiable information means:

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

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

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

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

securities means negotiable and non-negotiable instruments or contracts representing either **money** or tangible property that has intrinsic value.

security breach means a failure of computer security to prevent:

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



(d) infection of **computer systems** by malicious code or transmission of malicious code from **computer systems**;

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

system failure means an unintentional and unplanned interruption of **computer systems**.

system failure will not include any interruption of **computer systems** resulting from (a) a **security breach**, or (b) the interruption of any third party computer system.

telephone fraud means the act of a third party gaining access to and using the **insured organization's** telephone system in an unauthorized manner.

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

transfer account means an account maintained by the **insured organization** at a **financial institution** from which the **insured organization** can initiate the transfer, payment or delivery of **money** or **securities**.

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

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

waiting period means the period of time that begins upon the actual interruption of the **insured organization's** business operations caused by a **security breach**, **system failure**, **dependent security breach** or **dependent system failure**, and ends after the elapse of the number of hours listed as the **waiting period** in the Declarations.

