



TOKIO MARINE
HCC

HOUSTON CASUALTY COMPANY

ADMINISTRATIVE OFFICES: 13403 NORTHWEST FREEWAY, HOUSTON, TEXAS 77040

CYBER INSURANCE MASTER POLICY DECLARATIONS

1. **Policyholder:** Texas Lawyers' Insurance Exchange
1801 South MoPac Expressway, Suite 300
2. **Address:** Austin, Texas 78746
3. **Master Policy Number:** H22ECN51191-00 **Renewal of:** H21ECN50588-00
4. **Master Policy Period:** Effective Date: October 1, 2022 to Expiration Date: October 1, 2023
(12:01 a.m. Local Time at the Address of the **Policyholder** stated in Item 2 above)
5. **Premium:** TBD (\$45 per attorney, subject to any applicable surplus lines taxes and fees)
4.85% Texas Surplus Lines Tax – TBD
0.075% Texas Stamping Fee – TBD

6. **Limits of Insurance:**

A. Limits per Insuring Agreement:
(The limits shown below apply per **Insured**)

	Each Claim	Aggregate
Breach Event Costs Coverage	\$50,000	\$50,000
BrandGuard® Coverage	\$50,000	\$50,000
System Failure Coverage	\$50,000	\$50,000
Cyber Extortion Coverage	\$50,000	\$50,000

B. Individual Annual Aggregate Limit (per Insured): 1-10 Attorneys: \$50,000
11+ Attorneys: \$150,000

C. Master Policy Annual Aggregate Limit (as to all Insureds): \$2,000,000

7. **Deductibles, Waiting Periods, Period of Indemnity and Period of Restoration:**

Breach Event Costs Coverage Deductible	None
BrandGuard® Coverage	
Waiting Period:	2 weeks
Period of Indemnity:	6 months
System Failure Coverage	
A. Data Recovery Deductible	None
B. Non-Physical Business Interruption	
Waiting Period:	8 hours
Period of Restoration:	4 months
Cyber Extortion Coverage Deductible	None

8. **Retention by the Policyholder:** \$1,000 each Claim



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9. How to Report a Claim:

Report any **Claim** or potential **Claim** to:

Tokio Marine HCC Cyber & Professional Lines Group

Claims Department

16501 Ventura Blvd., Suite 200

Encino, CA 91436

Claims Telephone Number: 888-627-8995

Claims Email Address: cpl.claims@tmhcc.com

Schedule of Endorsements

It is hereby agreed that the following endorsements are attached to and are made a part of this Policy at the time of issue:

1. NGP 1078 Nuclear Incident Exclusion
2. NGP 1076 Policyholder Disclosure Notice of Terrorism Coverage

By: Michael J. Hill
Authorized Representative

Texas Notice:

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

Figure: 28 TAC §1.601(a)(2)(B)

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company or HMO first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company or HMO. If you don't, you may lose your right to appeal.

Houston Casualty Company

To get information or file a complaint with your insurance company or HMO:

Call: Compliance Department at 818-382-2030

Toll-free: 1-888-688-0775

Online: www.tmhcc.com

Email: cpl.compliance@tmhcc.com

Mail: 13403 Northwest Freeway, Houston, TX 77040

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

¿Tiene una queja o necesita ayuda?

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

Houston Casualty Company

Para obtener información o para presentar una queja ante su compañía de seguros o HMO:

Llame a: Compliance Department al 818-382-2030

Teléfono gratuito: 1-888-688-0775

En línea: www.tmhcc.com

Correo

electrónico: cpl.compliance@tmhcc.com

Dirección postal: 13403 Northwest Freeway,
Houston, TX 77040

El Departamento de Seguros de Texas

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439

Presente una queja en: www.tdi.texas.gov

Correo electrónico: ConsumerProtection@tdi.texas.gov

Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

Cyber Insurance Master Policy

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Cyber Insurance Master Policy

THE INSURING AGREEMENTS IN THIS POLICY PROVIDE COVERAGE ON AN EVENT DISCOVERED AND REPORTED BASIS. NO EXTENDED REPORTING PERIOD IS AVAILABLE FOR THIS COVERAGE.

In consideration of the payment of the premium, in reliance upon all statements made and information furnished by the **Policyholder** to the Company, and subject to all terms, conditions, limitations and exclusions of this Policy, the Company agrees with the **Policyholder** as follows:

The Company shall mean the insurance carrier set forth in the Declarations of this Policy.

I. INSURING AGREEMENTS**(A) Breach Event Costs Coverage**

Subject to the applicable Deductible and Limit of Insurance, the Company shall pay **Privacy Breach Response Costs, Notification Expenses and Breach Support and Credit Monitoring Expenses** that an **Insured** incurs because of an **Adverse Media Report, Security Breach or Privacy Breach**, provided always that: (1) the **Adverse Media Report, Security Breach or Privacy Breach** is first discovered by the **Insured**, or a principal of the **Insured**, during the **Coverage Period**; and (2) the **Adverse Media Report, Security Breach or Privacy Breach** is reported to the Company in writing pursuant to Section **X.(A)** of this Policy.

(B) BrandGuard® Coverage

Subject to the applicable **Waiting Period** and Limit of Insurance, the Company shall pay provable and ascertainable **Brand Loss** that an **Insured** sustains during the **Period of Indemnity** as a direct result of an **Adverse Media Report or Notification** of a **Security Breach or Privacy Breach**, provided always that: (1) the **Security Breach or Privacy Breach** is first discovered by the **Insured**, or a principal of the **Insured**, during the **Coverage Period**; (2) the **Security Breach or Privacy Breach** is reported to the Company in writing pursuant to Section **X.(B)** of this Policy; and (3) the **Insured** provides clear evidence that the **Brand Loss** is directly attributable to the **Adverse Media Report or Notification**.

(C) System Failure Coverage**(1) Data Recovery**

(a) Subject to the applicable Deductible and Limit of Insurance, the Company shall pay **Digital Assets Loss and Special Expenses** that an **Insured** incurs because of damage, alteration, corruption, distortion, theft, misuse or destruction of **Digital Assets** resulting from a **System Failure**, provided always that: (i) the **System Failure** is first discovered by the **Insured**, or a principal of the **Insured**, during the **Coverage Period**; (ii) the **System Failure** is reported to the Company in writing pursuant to Section **X.(A)** of this Policy; and (iii) the **Insured** provides clear evidence that the **Digital Assets Loss and Special Expenses** directly result from the **System Failure**.

(b) The Company shall pay **Digital Assets Loss and Special Expenses** for up to twelve (12) months following discovery by the **Insured**, or a principal of the **Insured**, of the **System Failure**.

(2) Non-Physical Business Interruption

Subject to the applicable **Waiting Period** and Limit of Insurance, the Company shall pay **Income Loss, Interruption Expenses and Special Expenses** that an **Insured** incurs during the **Period of Restoration** because of a **System Failure**, provided always that: (a) the **System Failure** is first discovered by the **Insured**, or a principal of the **Insured**, during the **Coverage Period**; (b) the **System Failure** is reported to the Company in writing pursuant to Section **X.(A)** of this Policy; and (c) the **Insured** provides clear evidence that the **Income Loss, Interruption Expenses and Special Expenses** directly result from the **System Failure**.

(D) Cyber Extortion Coverage

(1) Subject to the applicable Deductible and Limit of Insurance, the Company shall pay **Cyber Extortion Expenses and Cyber Extortion Monies** that an **Insured** pays as a direct result of a **Cyber Extortion Threat**, provided always that: (a) the **Cyber Extortion Threat** is first discovered by the **Insured**, or a principal of the **Insured**, during the **Coverage Period**; and (b) the **Cyber Extortion Threat** is reported to the Company in writing pursuant to Section **X.(A)** of this Policy.

(2) The Company shall not be obligated to pay **Cyber Extortion Expenses or Cyber Extortion Monies** for which the Company has not given **Approval**. The **Insured** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation or equivalent foreign agency before surrendering any **Cyber Extortion Monies** in response to a **Cyber Extortion Threat**.

II. CHOICE OF COUNSEL AND INVESTIGATION OF CLAIMS

(A) Choice of Counsel

- (1) The Company may consider an **Insured's** choice of counsel to advise and consult on the appropriate course of action with respect to any **Insured Event**, but the final decision on selection of counsel rests with the Company. No **Insured** shall appoint counsel without **Approval**.
- (2) The Company will have no obligation to pay legal expenses incurred by an **Insured** before the notice of **Claim** is received by the Company, or incurred by an **Insured** without **Approval**.

(B) Investigation

The Company has the right to make any investigation it deems necessary including, without limitation, any investigation with respect to the statements made and information furnished by the **Policyholder** in connection with the underwriting of this Policy or coverage for any **Claim**.

III. LIMITS OF INSURANCE

The Limits of Insurance shown on the Declarations of this Policy apply separately to each **Insured**, subject to the provisions set forth below.

(A) Limits Per Insuring Agreement

The Limits Per Insuring Agreement shown on an **Insured's Evidence of Coverage** are the maximum the Company shall pay on behalf of such **Insured** under each Insuring Agreement of this Policy for each **Claim**, and in the aggregate for all **Claims**, first made during the **Coverage Period**, regardless of the number of **Claims**. If any Limit Per Insuring Agreement is exhausted, the Company's obligations under that Insuring Agreement shall cease.

(B) Individual Annual Aggregate Limit per Insured

The Individual Annual Aggregate Limit shown on an **Insured's Evidence of Coverage** is the maximum the Company shall pay on behalf of such **Insured** under this Policy for all **Claims** first made during the **Coverage Period**, regardless of the number of Insuring Agreements that apply. The Individual Annual Aggregate Limit for an **Insured** is based on the number of lawyers employed by, or contracted with, the **Insured** as of the effective date of the **Coverage Policy Period**. If an **Insured's** Individual Annual Aggregate Limit is exhausted, the Company's obligations under this Policy with respect to such **Insured** shall cease.

(C) Master Policy Annual Aggregate Limit

The Master Policy Annual Aggregate Limit shown on the Declarations of this Policy is the maximum the Company shall pay during the **Master Policy Period** for all **Insureds** combined, regardless of the number of **Claims**, **Insureds** or Insuring Agreements. All payments made under this Policy will reduce, and may completely exhaust, such Master Policy Annual Aggregate Limit. If the Master Policy Annual Aggregate Limit is exhausted, all Individual Annual Aggregate Limits will be deemed to be exhausted, there will be no further separate individual limit available to any **Insured**, and the Company's obligations under this Policy with respect to all **Insureds** shall cease.

(D) Related Claims

- (1) All **Related Claims** will be treated as follows:
 - (a) **Related Claims** will be considered to be a single **Claim**, regardless of the number of applicable Insuring Agreements;
 - (b) **Related Claims** will be considered to have been first reported to the Company on the date the earliest of the **Related Claims** is reported to the Company; and
 - (c) **Related Claims** will be subject to the applicable Limit of Insurance of the Policy in effect when the earliest of the **Related Claims** is first reported to the Company.
- (2) If multiple Insuring Agreements of this Policy apply to any **Claim**, the Company's total maximum Limit of Insurance under this Policy for such **Claim** shall be the applicable Individual Annual Aggregate Limit. However, the Company will never pay more under any one Insuring Agreement than the applicable Limit Per Insuring Agreement shown on an **Insured's Evidence of Coverage**. The Company has the sole discretion to allocate amounts paid, if any, against the appropriate Limit of Insurance.

IV. DEDUCTIBLE, WAITING PERIOD AND RETENTION BY THE POLICYHOLDER

(A) **Deductible Per Insuring Agreement**

- (1) The Deductible amount for each Insuring Agreement, as shown on an **Insured's Evidence of Coverage**, applies separately to each **Claim**. The Limit of Insurance shall not be reduced by the amount of any Deductible.
- (2) If more than one Insuring Agreement applies to a **Claim**, only the single highest Deductible will apply to such **Claim**.
- (3) Payment of the applicable Deductible is a condition precedent to payment by the Company of any amounts under this Policy, and the Company shall only be liable for the amount that exceeds the Deductible, up to the applicable Limit of Insurance.
- (4) Direct payments within the Deductible must be made to the appropriate parties designated by the Company.

(B) **Waiting Period**

The **Waiting Periods** shown on an **Insured's Evidence of Coverage** apply solely to Section I.(B) BrandGuard Coverage; and Section I.(C)(2) System Failure Coverage: Non-Physical Business Interruption. The **Waiting Period** applies to each **Period of Restoration** and **Period of Indemnity**.

(C) **Retention by the Policyholder**

The **Policyholder** shall pay the first \$1,000 of each **Claim**, which shall be the **Policyholder's** uninsured responsibility.

V. TERRITORIAL LIMITS

This Policy applies to **Insured Events** taking place anywhere in the world. Any provision in this Policy pertaining to coverage for **Insured Events** taking place anywhere outside the United States of America, its territories and possessions shall apply only where legally permissible.

VI. DEFINITIONS

As used in this Policy:

- (1) **"Act of Cyber Terrorism"** means the premeditated use of disruptive activities, or an explicit threat to use disruptive activities, against a computer, **Computer System** or network by a person or group to further social, ideological, religious, political or similar objectives.
- (2) **"Adverse Media Report"** means a report or communication of an actual or potential **Security Breach** or **Privacy Breach** which (a) has been publicized through any media channel, including, but not limited to, television, **Print Media**, radio, electronic networks, the internet or electronic mail, and (b) threatens material damage to an **Insured's Reputation** or an **Insured's** brand.
- (3) **"Approval"** means the advance written agreement or consent by the Company, which will not be unreasonably withheld.
- (4) **"Bodily Injury"** means physical injury, sickness, disease or death sustained by any person and, where resulting from such physical injury only, mental anguish, mental injury, shock, humiliation or emotional distress.
- (5) **"BPO Service Provider"** means any **Third Party** that provides business process outsourcing services for an **Insured's** benefit under a written contract with the **Insured**, including, but not limited to, call center services, fulfillment services and logistical support.
- (6) **"Brand Loss"** means an **Insured's** net profit, as could have reasonably been projected immediately prior to **Notification**, or in the event of an **Adverse Media Report**, immediately prior to the publication of the **Adverse Media Report**, but which has been lost during the **Period of Indemnity** as a direct result of such **Adverse Media Report** or **Notification**. **Brand Loss** will be determined in accordance with the provisions of Section **XI.(A)** of this Policy.
- (7) **"Breach Support and Credit Monitoring Expenses"** means reasonable and necessary expenses that an **Insured** incurs on the **Insured's** own behalf, or on behalf of a party for whom the **Insured** is **Vicariously Liable**, to provide support activity to parties affected by a **Privacy Breach**, including the cost to set up and operate a call center and to provide a maximum of twenty-four (24) months of credit, identity or healthcare record monitoring services, fraud alert services, identity theft assistance services and credit or identity repair and restoration services. **Breach Support and Credit Monitoring Expenses** must be incurred with **Approval**.
- (8) **"Claim"** means:
 - (a) with respect to Breach Event Costs Coverage only, written notice from an **Insured** to the Company of an **Adverse Media Report**, **Security Breach** or **Privacy Breach**;

- (b) with respect to BrandGuard Coverage only, written notice from an **Insured** to the Company of a **Security Breach** or **Privacy Breach**;
- (c) with respect to System Failure Coverage only, written notice from an **Insured** to the Company of a **System Failure**; and
- (d) with respect to Cyber Extortion Coverage only, written notice from an **Insured** to the Company of a **Cyber Extortion Threat**.

A **Claim** will be deemed to have been first made when the Company first receives written notice of such **Claim**.

- (9) **“Cloud Provider”** means any **Third Party** that provides computing resources to an **Insured** that are delivered as a service over a network or the internet (commonly known as “cloud computing”), including Software as a Service, Platform as a Service and Infrastructure as a Service.
- (10) **“Computer System”** means an interconnected electronic, wireless, web or similar system, including all computer hardware and software, used to process and store **Data** or information in an analogue, digital, electronic or wireless format, including, but not limited to, computer programs, **Data**, operating systems, firmware, servers, media libraries, associated input and output devices, mobile devices, devices that are connected to and controlled by the internet (also known as “smart devices”), networking equipment, websites, extranets, off-line storage facilities (to the extent they hold **Data**) and electronic backup equipment.
- (11) **“Coverage Period”**, with respect to each **Insured**, means the period beginning on the effective date of the **Insured’s** coverage under this Policy, as set forth in such **Insured’s Evidence of Coverage**, and ending on the earlier of:
 - (a) the natural expiration of the **Insured’s** coverage under this Policy, as set forth in such **Insured’s Evidence of Coverage**;
 - (b) the effective date of cancellation or termination of this Policy, or
 - (c) the effective date of cancellation or termination of the **Insured’s** Lawyers’ Professional Liability Insurance with the **Policyholder**.

The **Coverage Period** runs concurrent with an **Insured’s** Lawyers’ Professional Liability Insurance with the **Policyholder**, except that no **Coverage Period** shall begin before the effective date of the **Master Policy Period**. Cancellation or termination of an **Insured’s** Lawyers’ Professional Liability Insurance with the **Policyholder** automatically terminates the **Coverage Period** as of the effective date of such cancellation or termination.

- (12) **“Cyber Extortion Expenses”** means reasonable and necessary costs and expenses, other than **Cyber Extortion Monies**, that an **Insured** incurs with **Approval** as a direct result of a **Cyber Extortion Threat**, including the cost to retain or hire a **Third Party** specializing in IT security to determine the validity and severity of a **Cyber Extortion Threat**.
- (13) **“Cyber Extortion Monies”** means **Money**, digital currency of any kind, including bitcoin, or **Other Property** that an **Insured** pays with **Approval** to any person or group reasonably believed to be responsible for a **Cyber Extortion Threat**, to prevent or terminate such **Cyber Extortion Threat**.
- (14) **“Cyber Extortion Threat”** means a credible threat or series of related credible threats, including a demand for **Cyber Extortion Monies**, which is directed at an **Insured** to:
 - (a) steal, alter, release, reveal, divulge, disseminate, destroy, publicly disclose or misuse **Private Information** taken from the **Insured** through unauthorized access to, or unauthorized use of, an **Insured Computer System**;
 - (b) infect an **Insured Computer System** with malicious code or ransomware;
 - (c) corrupt, damage or destroy an **Insured Computer System**;
 - (d) restrict or hinder access to an **Insured Computer System**, including the threat of a **Denial of Service Attack**;
 - (e) perpetrate or carry out a **Phishing Attack**;
 - (f) steal, alter, release, reveal, divulge, disseminate, destroy, publicly disclose or misuse the **Insured’s** confidential or proprietary information, or the **Personally Identifiable Information** of an **Employee**; or
 - (g) damage the **Insured’s Reputation** or the **Insured’s** brand by posting false or misleading comments about the **Insured** on social media websites or platforms.

A series of continuing **Cyber Extortion Threats**, related or repeated **Cyber Extortion Threats**, or multiple **Cyber Extortion Threats** resulting from the same attack, event or incident will be considered a single **Cyber Extortion Threat** and will be considered to have occurred at the time the first of such **Cyber Extortion Threats** occurred.

- (15) **“Data”** means any machine-readable information, including, but not limited to, ready-for-use programs, applications, account information, customer information, health and medical information or other electronic information, irrespective of the way it is used and rendered.
- (16) **“Denial of Service Attack”** means an event caused by unauthorized or unexpected interference or a malicious attack, which is intended by the perpetrator to overwhelm the capacity of a **Computer System** by sending an excessive volume of **Data** to such **Computer System** to prevent access to such **Computer System**.

- (17) **“Dependent System Failure”** means any outage, interruption, failure, slow down, suspension or degradation of service of any **Service Provider Computer System**, however caused.
- (18) **“Digital Assets”** means **Data** and computer programs that exist in an **Insured Computer System**. **“Digital Assets”** does not include computer hardware.
- (19) **“Digital Assets Loss”** means reasonable and necessary expenses and costs that an **Insured** incurs to replace, recreate or restore **Digital Assets** to the same state and with the same contents immediately before the **Digital Assets** were damaged, destroyed, altered, misused or stolen, including research costs incurred in recreating **Digital Assets**, expenses for materials and machine time, and amounts representing **Employee** work time to replace, recreate or restore **Digital Assets**, which will be determined on a predefined billable hour or per-hour basis as based upon an **Insured’s** schedule of **Employee** billable hours. **Digital Assets Loss** will be determined in accordance with Section **XI.(B)** of this Policy.
- (20) **“Employee”** means any individual whose labor or service is engaged by and directed by an **Insured**, including part-time, seasonal, temporary or leased personnel and volunteers. **“Employee”** includes any lawyer who is an associate or independent contractor of, or “of counsel” to, the **Insured**, but only until that lawyer’s relationship with the **Insured** terminates and only while acting within the scope of his or her duties on behalf of the **Insured**.
- (21) **“Evidence of Coverage”** means the Cyber Insurance Master Policy Certificate of Insurance that an **Insured** holds, which evidences such **Insured’s** coverage under this Policy.
- (22) **“Hacking Attack”** means any of the following directed at or enacted upon an **Insured Computer System**:
- (a) unauthorized access to, or unauthorized use of, an **Insured Computer System**, including any such unauthorized access or unauthorized use resulting from the theft of a password from an **Insured Computer System** or from an **Insured**;
 - (b) a **Denial of Service Attack** against an **Insured Computer System**;
 - (c) infection of an **Insured Computer System** by malicious code, or the transmission of malicious code from an **Insured Computer System**; or
 - (d) an **Act of Cyber Terrorism**.
- (23) **“Income Loss”** means the net profit loss that an **Insured** sustains during the **Period of Restoration** as a direct result of a **System Failure**. **“Income Loss”** will be determined in accordance with the provisions of Section **XI.(C)** of this Policy.
- (24) **“Insured”** means any entity or individual who:
- (a) is named on an **Evidence of Coverage**; and
 - (b) is designated as a “Named Insured” on a Lawyers’ Professional Liability Policy issued by the **Policyholder**.
- “Insured”** does not include the **Policyholder**; no coverage is afforded under this Policy to the **Policyholder**.
- (25) **“Insured Computer System”** means:
- (a) a **Computer System** that is owned and operated by an **Insured**, or that is leased to an **Insured** and operated by the **Insured**; and any **Insured Telecommunications System**; and
 - (b) in addition to paragraph (a) above, with respect to Breach Event Costs Coverage and Cyber Extortion Coverage only, **Insured Computer System** also includes a **Computer System** operated by a **BPO Service Provider** or an **Outsourced IT Service Provider**, which is used to provide services to an **Insured**, or for processing, maintaining, hosting or storing **Data** for an **Insured**, pursuant to a written contract with the **Insured** to provide such services.
- (26) **“Insured Event”** means:
- (a) with respect to Breach Event Costs Coverage only, an **Adverse Media Report**, **Security Breach** or **Privacy Breach**;
 - (b) with respect to BrandGuard Coverage only, a **Security Breach** or **Privacy Breach**;
 - (c) with respect to System Failure Coverage only, a **System Failure**; and
 - (d) with respect to Cyber Extortion Coverage only, a **Cyber Extortion Threat**.
- (27) **“Insured’s Privacy Policy”** means an **Insured’s** published policies provided to **Employees** or **Third Parties** that govern the collection, use, disclosure, correction, dissemination, confidentiality, integrity, accuracy or availability of **Private Information**.
- (28) **“Insured’s Reputation”** means the estimation of trust that customers or clients have in doing business with an **Insured** or in retaining an **Insured’s** services.

- (29) “**Insured Telecommunications System**” means any telephone or fax network or system that is owned, rented, leased, licensed or borrowed by an **Insured** and under the **Insured’s** direct operational control.
- (30) “**Interruption Expenses**” means reasonable and necessary expenses, excluding **Special Expenses**, incurred by an **Insured** to avoid or minimize the suspension of the **Insured’s** business as a result of a **System Failure**, which the **Insured** would not have incurred in the absence of such **System Failure**, including, but not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, use of **Third Party** services or additional staff expenditures or labor costs. The amount of **Interruption Expenses** recoverable shall not exceed the amount by which the covered **Income Loss** is reduced by such incurred expenses.
- (31) “**Master Policy Period**” means the period from the effective date to the expiration date of this Policy, as set forth in Item 4 of the Declarations, or any earlier termination or cancellation date.
- (32) “**Money**” means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including, but not limited to, currency, coins, bank notes, bullion, travelers’ checks, registered checks and **Money** orders held for sale to the public.
- (33) “**Notification**” means an **Insured’s** written notice to parties affected by a **Security Breach** or **Privacy Breach**, whether such written notice is made by the **Insured** voluntarily or to comply with **Privacy Regulations**.
- (34) “**Notification Expenses**” means reasonable and necessary expenses that an **Insured** incurs on the **Insured’s** own behalf, or on behalf of a party for whom the **Insured** is **Vicariously Liable**, to provide **Notification** of a **Security Breach** or **Privacy Breach**, including printing costs, mailing and postage expenses, and the costs to engage a **Third Party** to mail **Notification** letters and prepare substitute or website notices.
- (35) “**Other Property**” means any tangible property, other than **Money** or **Securities**, which has intrinsic value.
- (36) “**Outsourced IT Service Provider**” means a **Third Party** that provides information technology services to an **Insured**, including but not limited to, hosting, security management, co-location and **Data** storage, under a written contract with the **Insured** to provide such services. “**Outsourced IT Service Provider**” includes any **Cloud Provider**.
- (37) “**Period of Indemnity**” means the period beginning on the earlier of the date of **Notification** or the first **Adverse Media Report**, and ending on the earlier of:
- (a) the date that gross revenues are restored to the level they had been prior to **Notification** or the first **Adverse Media Report**, whichever applies; or
 - (b) the last day of the period set forth in the Declarations of this Policy as the **Period of Indemnity** for BrandGuard Coverage.

The **Period of Indemnity** shall not be affected by the expiration of the **Coverage Period** or **Master Policy Period**.

- (38) “**Period of Restoration**” means the period beginning on the date when the **System Failure** began and ending on the earlier of:
- (a) the date when an **Insured Computer System** is 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 **System Failure**, plus a maximum of thirty (30) additional consecutive days after the restoration of an **Insured Computer System** to allow for restoration of the **Insured’s** business; or
 - (b) the last day of the period set forth in the Declarations of this Policy as the **Period of Restoration** for System Failure Coverage.

The **Period of Restoration** shall not be affected by the expiration of the **Coverage Period** or **Master Policy Period**.

- (39) “**Personally Identifiable Information**” means information that can be used to determine, distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual, including, but not limited to, financial account numbers, security codes, personal identification numbers (PINs), credit and debit card numbers, medical or healthcare information, social security numbers, driver’s license numbers, addresses, passwords, and any other non-public information as defined in **Privacy Regulations**.
- (40) “**Phishing Attack**” means the use by a **Third Party** of fraudulent and intentionally misleading telephone calls, emails, texts, instant messages or other electronic communications or malicious websites to impersonate an **Insured**, an **Insured’s** brand or an **Insured’s** services to solicit **Private Information** from an **Insured**, a principal of an **Insured** or an **Employee**.
- (41) “**Policyholder**” means the entity specified as such in Item 1 of the Declarations.

(42) “**Print Media**” means newspapers, newsletters, magazines, books and literary works in any form, brochures or other types of publications, and advertising materials including packaging, photographs and digital images.

(43) “**Privacy Breach**” means any of the following:

- (a) the unauthorized collection, disclosure, use, access, destruction or modification of **Private Information**;
- (b) the inability to access or failure to provide **Private Information**;
- (c) the theft or loss of **Private Information**, including the theft or loss of **Private Information** stored on an unsecured **Data** storage or mobile device, including any smartphone, tablet or laptop which is owned and operated by an **Insured**, or owned and operated by an **Employee** or a principal of an **Insured** who has agreed in writing to the **Insured’s** corporate mobile device acceptable use and security policy (also known as a “Bring Your Own Device” policy);
- (d) the surrender of **Private Information** in a **Phishing Attack**;
- (e) failure to implement, maintain or comply with privacy policies and procedures stating an **Insured’s** obligations relating to **Private Information**, including but not limited to an **Insured’s Privacy Policy**;
- (f) failure to develop or administer an identity theft prevention program;
- (g) failure to implement specific security practices with respect to **Private Information**, as required by any statute, rule, regulation or other law;
- (h) an infringement or violation of any rights to privacy;
- (i) breach of a person’s right of publicity, false light or intrusion upon a person’s seclusion;
- (j) failure to comply with **Privacy Regulations** pertaining to an **Insured’s** responsibilities with respect to **Private Information**, but only with respect to an act listed in paragraphs (a) through (h) above; or
- (k) failure to comply with **Privacy Regulations** prohibiting unfair or deceptive trade practices or consumer fraud pertaining to an **Insured’s** responsibilities with respect to **Private Information**, but only with respect to an act listed in paragraphs (a) through (h) above.

A series of continuing **Privacy Breaches**, related or repeated **Privacy Breaches**, or multiple **Privacy Breaches** resulting from the same event or incident will be considered a single **Privacy Breach** and will be considered to have occurred at the time the first of such **Privacy Breaches** occurred.

(44) “**Privacy Breach Response Costs**” means:

- (a) reasonable and necessary **Public Relations Expenses** that an **Insured** incurs with **Approval** prior to or following the publication of an **Adverse Media Report** to avert or mitigate any material damage to an **Insured’s Reputation** or an **Insured’s** brand, which results or reasonably could result from the **Adverse Media Report**;
- (b) reasonable and necessary legal fees that an **Insured** incurs on the **Insured’s** own behalf or on behalf of a party for whom the **Insured** is **Vicariously Liable** to:
 - i. determine the scope, cause and extent of an actual or suspected **Privacy Breach** or **Security Breach**;
 - ii. determine the applicability of, and the **Insured’s** obligations to comply with, **Privacy Regulations** due to an actual or suspected **Privacy Breach**; and
 - iii. draft a **Notification** letter to be sent to parties affected by a **Privacy Breach**;
- (c) reasonable and necessary fees and costs that an **Insured** incurs on the **Insured’s** own behalf, or on behalf of a party for whom the **Insured** is **Vicariously Liable**, to retain a qualified IT forensics firm or computer security expert to investigate and identify the source and scope of a **Security Breach** or **Privacy Breach**; and
- (d) overtime salaries of non-exempt **Employees** assigned to handle inquiries from parties affected by a **Privacy Breach**.

(45) “**Privacy Regulations**” means federal, state, local or foreign statutes, rules, regulations and other laws in effect now, or as hereafter amended, associated with the confidentiality, access, control, use or protection of **Private Information**, including, but not limited to:

- (a) the Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, or similar state medical privacy laws;
- (b) the Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder;
- (c) state and federal statutes and regulations regarding the security and privacy of consumer information;
- (d) governmental privacy protection regulations or laws associated with the control and use of personal information, including but not limited to requirements to post a privacy policy, adopt specific privacy controls or inform customers of an actual or suspected **Privacy Breach**;
- (e) privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
- (f) the Children’s Online Privacy Protection Act or similar laws;

- (g) the EU General Data Protection Regulation or other similar privacy and security statutes, rules, regulations or other laws worldwide;
 - (h) the California Consumer Privacy Act and any rules or regulations promulgated thereunder; and
 - (i) the Health Information Technology for Economic and Clinical Health Act (HITECH ACT), enacted under Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5), and its implementing regulations, including related or similar state medical privacy laws.
- (46) **“Private Information”** means proprietary or confidential information owned by a **Third Party** that is in the care, custody or control of an **Insured**, or is used by an **Insured** with the consent of such **Third Party**, and **Personally Identifiable Information**.
- (47) **“Programming Error”** means an error which occurs during the development or encoding of a computer program, software or application and which would, when in operation, result in a malfunction or incorrect operation of a **Computer System**.
- (48) **“Property Damage”** means physical injury to, or impairment, destruction or corruption of, any tangible property, including the loss of use thereof. **Data** is not considered tangible property.
- (49) **“Public Relations Expenses”** means expenses that an **Insured** incurs to retain or hire a **Third Party** public relations consultant or public relations firm to protect or restore the **Insured’s Reputation**, which is damaged or reasonably could be damaged by an **Adverse Media Report**.
- (50) **“Related Claims”** means:
- (a) two or more **Claims** made against, or involving, any one **Insured**, which have as a common nexus any fact, circumstance, situation, event or cause, or a series of causally connected facts, circumstances, situations, events or causes; or
 - (b) two or more **Claims** made by, or involving, any one **Insured**, which arise from the same or continuing **Insured Event**.
- (51) **“Securities”** means negotiable or non-negotiable instruments or contracts representing **Money** or **Other Property**. **“Securities”** does not include **Money**.
- (52) **“Security Breach”** means any of the following, whether a specifically targeted attack or a generally distributed attack:
- (a) a **Hacking Attack**; or
 - (b) the theft or loss of an unsecured **Data** storage or mobile device containing **Private Information**, including any smartphone, tablet or laptop which is owned and operated by an **Insured**, or owned and operated by an **Employee** or a principal of an **Insured** who has agreed in writing to an **Insured’s** corporate mobile device acceptable use and security policy (also known as a “Bring Your Own Device” policy).
- A series of continuing **Security Breaches**, related or repeated **Security Breaches**, or multiple **Security Breaches** resulting from a continuing attack, event, incident or failure of computer security will be considered a single **Security Breach** and will be considered to have occurred at the time the first of such **Security Breaches** occurred.
- (53) **“Service Provider Computer System”** means a **Computer System** that is owned or leased by, and under the direct operational control of, a **BPO Service Provider** or **Outsourced IT Service Provider**.
- (54) **“Special Expenses”** means reasonable and necessary costs and expenses that an **Insured** incurs to:
- (a) prevent, preserve, minimize, or mitigate any further damage to **Digital Assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
 - (b) preserve critical evidence of any criminal or malicious wrongdoing;
 - (c) purchase replacement licenses for computer programs because the copy protection system or access control software was damaged or destroyed by a **System Failure**; or
 - (d) notify affected parties of a **System Failure**.
- (55) **“System Failure”** means an unplanned outage, interruption, failure, suspension or degradation of service of an **Insured Computer System**, including, but not limited to, any such outage, interruption, failure, suspension or degradation of service caused directly by a **Hacking Attack**, **Voluntary Shutdown**, administrative error or **Programming Error**.
- (56) **“Third Party”** means any entity, company, organization or person who does not qualify as an **Insured** under this Policy. However, **“Third Party”** does not include the **Policyholder**.

- (57) **“Unauthorized Trading”** means trading, which at the time of the trade, exceeds permitted financial limits or is outside of permitted product lines.
- (58) **“Vicariously Liable”** means an **Insured’s** legal responsibility for the liability of others, including legal responsibility an **Insured** assumes in a contract. The existence of vicarious liability will not create or confer any rights or duties under this Policy to any **Third Party**, other than as provided in this Definition.
- (59) **“Voluntary Shutdown”** means an intentional and discretionary total or partial shutdown of an **Insured Computer System** based upon an **Insured’s** reasonable belief that such total or partial shutdown is necessary to mitigate, minimize or avoid the economic impact of a **Hacking Attack** on the **Insured’s** business.
- (60) **“Waiting Period”** means the amount of time, as set forth in the Declarations of this Policy, that must elapse before any loss or expenses may be payable under BrandGuard Coverage or System Failure Coverage: Non-Physical Business Interruption. The **Waiting Period** applies to each **Period of Restoration** and **Period of Indemnity**.

VII. **EXCLUSIONS AS TO THE ENTIRE POLICY**

This Policy does not apply to:

- (A) any demand, charge, allegation, lawsuit or proceedings of any type made or brought against any **Insured**.
- (B) any judgements or awards against, or settlements entered into by, any **Insured**.
- (C) any sanctions, fines or penalties imposed by law.
- (D) any **Claim** based upon, arising from or in any way involving any of the following committed by an **Insured**, whether acting alone or in collusion with other persons:
- (1) a willful, intentional, deliberate, malicious, fraudulent, dishonest or criminal act or omission; or
 - (2) any intentional violation of law.
- This Exclusion does not apply to any **Insured** who did not commit, participate in or have prior knowledge of any conduct to which this Exclusion would otherwise apply.
- (E) **Bodily Injury or Property Damage.**
- (F) any **Claim** based upon, arising from or in any way involving any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the **Claim**:
- (1) electrical or mechanical failures or interruption, including electrical disturbance, spike, brownout or blackout;
 - (2) any regional, countrywide or global outage, failure, disruption or reduction in supply of any utility service or infrastructure, including electricity, gas, water, telephone, cable, internet, satellite or telecommunications, or any failure, outage, disruption, degradation or termination of any critical part of such service or infrastructure; or
 - (3) the cessation of an **Insured’s** business activities due to a shutdown by order of any public authority for whatever reason.
- (G) any liability for a breach of any express, implied, actual or constructive contract, warranty, guarantee or promise.
- (H) any liability assumed by any **Insured** under a contract or agreement.
- (I) any **Claim** based upon, arising from or in any way involving:
- (1) the presence of pollutants or contamination of any kind, including, but not limited to, asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste (“waste” includes materials to be recycled, reconditioned or reclaimed), whether or not such presence results from an **Insured’s** activities or the activities of others, or such presence or contamination happened suddenly or gradually, accidentally or intentionally, or expectedly or unexpectedly; or
 - (2) any directive or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of pollutants or contamination of any kind.
- (J) **Income Loss** caused by or resulting from **Unauthorized Trading**.
- (K) any **Claim** for any loss, damage, cost or expense directly or indirectly caused by, resulting from or in connection with any war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, or confiscation, nationalization, requisition or destruction of or damage to property by or under the order of any government or public or local authority, regardless of any other cause or event contributing concurrently or in any other sequence to the loss; or for any loss, damage, cost or expense directly or indirectly caused by, resulting from or in connection with any action taken by a government authority to hinder, control, prevent, suppress or defend against any of the aforementioned actions. However, this Exclusion does not apply to an **Act of Cyber Terrorism**.

- (L) any **Claim** based upon, arising from or in any way involving the confiscation, commandeering, requisition or destruction of, or damage to, computer hardware by order of a government de jure or de facto, or by any public authority for whatever reason.
- (M) any **Claim** based upon, arising from or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure or any other physical event, however caused.
- (N) any **Insured Event** of which any **Insured** had knowledge prior to the **Master Policy Period**.
- (O) any loss, cost, liability or expense caused by, resulting from, or in connection with a **Dependent System Failure**.

VIII. EXCLUSIONS AS TO BRANDGUARD COVERAGE

In addition to the Exclusions under Section VII., the Company will not be liable under BrandGuard Coverage for:

- (A) any loss, cost, liability or expense that an **Insured** incurs to protect, restore or re-establish the **Insured's Reputation**, including **Public Relations Expenses**.
- (B) any loss, cost, liability or expense that is insured by any other insurance, except excess insurance.
- (C) any loss, cost, liability or expense incurred because of an **Adverse Media Report** that also affects or refers in similar terms to a general security issue, an industry or an **Insured's** specific competitors without any specific allegations regarding a **Security Breach** or **Privacy Breach** committed by an **Insured**, or by others acting on the **Insured's** own behalf, for whom the **Insured** is legally responsible, including **BPO Service Providers** or **Outsourced IT Service Providers**.
- (D) any amounts paid or payable under Breach Event Costs Coverage.

IX. EXCLUSIONS AS TO SYSTEM FAILURE COVERAGE

In addition to the Exclusions under Section VII., the Company will not be liable under System Failure Coverage for:

- (A) the cost of restoring, updating or replacing **Digital Assets** to a level beyond that which existed prior to the **System Failure**.
- (B) physical damage to, or the costs to repair or replace, any computer hardware or **Data** center.
- (C) the economic or market value of **Digital Assets**.
- (D) the costs or expenses incurred to identify, patch or remediate any software **Programming Error** or **Computer System** vulnerabilities.
- (E) the cost to upgrade, improve, repair, redesign, reconfigure or maintain an **Insured Computer System** to a level of functionality beyond that which existed prior to the **System Failure**.
- (F) the cost of restoring, replacing or repairing any electronic media.
- (G) the cost to upgrade, improve, repair, redesign, reconfigure or maintain a **Service Provider Computer System**.
- (H) loss of goodwill or harm to an **Insured's Reputation**.

X. NOTIFICATION

(A) **Notice Provisions as to All Insuring Agreements Except BrandGuard Coverage**

With respect to all Insuring Agreements of this Policy except BrandGuard Coverage, an **Insured** must provide written notice to the Company, through the persons named in the Declarations of this Policy, of any **Claim** as soon as practicable during the **Coverage Period**, but no later than sixty (60) days after expiration of the **Coverage Period**.

(B) **Notice Provisions as to BrandGuard Coverage**

An **Insured** must provide written notice to the Company, through the persons named in the Declarations of this Policy, of any **Claim** under BrandGuard Coverage during the **Period of Indemnity**.

XI. LOSS DETERMINATION

(A) **Brand Loss**

- (1) The **Brand Loss** payable under BrandGuard Coverage will be calculated by taking into account:
 - (a) the prior experience of an **Insured's** business preceding the date of the **Adverse Media Report** or **Notification**, whichever applies, and an **Insured's** likely net profit had no **Adverse Media Report** been published or **Notification** occurred;

- (b) income derived from substitute methods, facilities or personnel an **Insured** uses to maintain the **Insured's** revenue stream;
 - (c) An **Insured's** documentation of the trends in the **Insured's** business and variations in or other circumstances affecting the **Insured's** business before or after the **Adverse Media Report** or **Notification**, which would have affected the **Insured's** business had no **Adverse Media Report** been published or **Notification** occurred; and
 - (d) any fixed operating expenses, including ordinary payroll, but only to the extent that such operating expenses must continue during the **Period of Indemnity**.
- (2) For purposes of calculating **Brand Loss**, "net profit" will include the amount of **Money** paid or payable to an **Insured** for services rendered in the normal course of the **Insured's** business.

(B) Digital Assets Loss

Digital Assets Loss under System Failure Coverage: Data Recovery will be determined as follows:

- (1) If the impacted **Digital Asset** was purchased from a **Third Party**, the Company will pay only the lesser of the original purchase price of the **Digital Asset** or the reasonable and necessary **Digital Assets Loss**.
- (2) If it is determined that the **Digital Assets** cannot be replaced, restored or recreated, the Company will only reimburse the actual and necessary **Digital Assets Loss** incurred up to such determination.

(C) Income Loss

- (1) The **Income Loss** payable under System Failure Coverage: Non-Physical Business Interruption will be calculated as follows:
 - (a) An **Insured's** net profit, as could have been reasonably projected, but which has been lost as a direct result of a **System Failure**; plus
 - (b) any fixed operating expenses incurred, including ordinary payroll, but only to the extent that such operating expenses must continue during the **Period of Restoration**.
- (2) **Income Loss** will be calculated by taking into account:
 - (a) the prior experience of an **Insured's** business preceding the date of the **System Failure** and an **Insured's** likely net profit had no such **System Failure** occurred;
 - (b) income derived from substitute methods, facilities or personnel an **Insured** uses to maintain the **Insured's** revenue stream; and
 - (c) an **Insured's** documentation of the trends in the **Insured's** business and variations in or other circumstances affecting the **Insured's** business before or after the **System Failure** which would have affected the **Insured's** business had no such **System Failure** occurred.
- (3) For purposes of calculating **Income Loss**, "net profit" will include the amount of **Money** paid or payable to an **Insured** for services rendered in the normal course of the **Insured's** business.

XII. POLICY CONDITIONS

(A) Assistance and Cooperation

- (1) As a condition precedent to coverage under this Policy, every **Insured** shall cooperate with the Company and its representatives and, upon the Company's request, shall submit to examination by a representative of the Company, under oath if required, and shall give a written statement(s) to the Company's representatives for the purpose of investigation, all without charge to the Company. Every **Insured** shall further cooperate with the Company to do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that any **Insured** may have. No **Insured** shall take any action which in any way increases the Company's exposure under this Policy.
- (2) Every **Insured** must execute or cause to be executed all papers and render all assistance as reasonably requested by the Company, which may require an **Insured** to provide copies of a **Third Party's** system security and event logs.
- (3) No **Insured** will make any payment, assume any obligation, incur any expense, or dispose of any **Claim** without **Approval**, unless otherwise permitted under any Insuring Agreement of this Policy. However, the prompt public admission of a **Privacy Breach** or **Security Breach** potentially impacting the **Personally Identifiable Information** of **Employees** or **Third Parties**, as required by **Privacy Regulations**, will not be considered an admission of liability requiring **Approval**.

(B) Subrogation

- (1) If any payment is made under this Policy, the Company shall be subrogated to the extent of such payment to all rights of recovery thereof, and the **Insured** shall execute all documents required and do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to effectively bring suit in the name of any **Insured**, and shall provide all other assistance and cooperation which the Company may reasonably require. The **Insured** shall do nothing after a **Claim** is made to prejudice the Company's subrogation rights.
- (2) Any recoveries shall be applied first to subrogation expenses, second to any other amounts incurred by the Company, third to the Deductible, and lastly to the **Policyholder's** retention under this Policy. Any additional amounts recovered will be paid to the **Insured**.

(C) Other Insurance

If other valid and collectible insurance is available to any **Insured** for a **Claim** to which this Policy applies, this Policy is excess over any other valid and collectible insurance (including the amount of any deductibles and/or retentions) available to any **Insured**, including any insurance under which there is a duty to defend and regardless of whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such insurance is written specifically as excess insurance of this Policy by reference in such other policy to the Policy number set forth in the Declarations of this Policy.

(D) Cancellation

- (1) The **Policyholder** may cancel this Policy by surrender thereof to the Company, and by mailing or delivering to the Company advance, written notice stating when thereafter cancellation shall be effective. The mailing of such notice will be sufficient notice, and the effective date of cancellation shall become the end of the **Master Policy Period**. Delivery of such written notice shall be equivalent to mailing.
- (2) If this Policy is canceled by the **Policyholder**, coverage under this Policy will continue until the natural expiration date of the **Coverage Period** for any **Insured** for which the Company has received full payment of the annual premium. Such annual premium will be deemed fully earned, and the Company will not be liable to return any premium paid. For any **Insured** for which the Company has not received full payment of the annual premium, coverage will terminate on the effective date of cancellation of this Policy, and earned premium will be computed on a short rate basis. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of cancellation.
- (3) The Company may cancel this Policy for any reason by giving to the **Policyholder** thirty (30) days' written notice prior to cancellation. The cancellation notice will state the effective date of the cancellation, and this Policy will terminate on that date. The mailing of such notice shall be sufficient notice. Delivery of such written notice by the Company by facsimile, email or private courier shall be equivalent to mailing. If the Company cancels this Policy for any reason other than nonpayment of premium, the earned premium will be computed pro-rata.
- (4) If this Policy is canceled by the Company or the **Policyholder**, the **Policyholder** is responsible for notifying all **Insureds** of the effective date of cancellation. Such cancellation will be binding on all **Insureds** whether or not any such **Insureds** are notified of the cancellation.
- (5) If any of the provisions of **(D)(3)** through **(D)(4)** above are in conflict with any governing law or regulation, then such provisions shall be deemed amended to comply with the requirements of any such law or regulation, including any minimum cancellation notice period permitted thereunder.

(E) Non-Renewal

- (1) If the Company elects to non-renew this Policy, it will mail a written notice to the **Policyholder** stating the reason for non-renewal at least sixty (60) days before the Expiration Date of this Policy.
- (2) If this Policy is not renewed by the Company or the **Policyholder**, the **Policyholder** is responsible for notifying all **Insureds** of the effective date of nonrenewal. Non-renewal of this Policy shall be binding on all **Insureds** whether or not any such **Insureds** are notified by the **Policyholder** of the non-renewal.
- (3) If the Company elects to non-renew an **Insured's** coverage under this Policy, it will mail a written notice to such **Insured** stating the reason for non-renewal at least sixty (60) days before the Expiration Date of the applicable **Coverage Period**.
- (4) If any of the provisions of **(E)(1)** through **(E)(3)** above are in conflict with any governing law or regulation, then such provisions shall be deemed amended to comply with the requirements of any such law or regulation, including any minimum non-renewal notice period permitted thereunder.

(F) Action Against the Company

No action shall lie against the Company unless, as a condition precedent thereto, there has been full compliance with all of the terms of this Policy. No individual or organization shall have any right under this Policy to join the Company as a party to any action against any **Insured** to determine an **Insured's** liability, nor shall the Company be impleaded by any

Insured or their legal representative.

(G) Dispute Resolution

(1) Mediation

If any dispute arises between an **Insured** and the Company involving this Policy or a **Claim** hereunder, the **Insured** and the Company agree that such dispute will 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 invoking the agreement to mediate will provide written notice to the other party setting forth its request to mediate and a brief statement regarding the issue to be mediated.

(2) Arbitration

As a condition precedent to any right of action hereunder, in the event that a good faith effort to mediate pursuant to Section **XII.(G)(1)** does not resolve a dispute between an **Insured** and the Company involving this Policy or a **Claim**, the **Insured** and the Company agree that such dispute will be determined by final and binding arbitration before a single arbitrator. If the parties cannot mutually select the arbitrator, the parties will refer the selection of the arbitrator to the American Arbitration Association.

(H) Service of Suit

This condition applies in jurisdictions where the Company is not an admitted insurer.

It is hereby understood and agreed that in the event of the Company's failure to pay the amount claimed to be due hereunder, the Company, at the request of an **Insured**, will submit to the jurisdiction of a Court of competent jurisdiction within the United States and will comply with all requirements necessary to give such Court jurisdiction, and all matters regarding Service of Suit shall be determined in accordance with the law and practice of such Court. Nothing in herein constitutes or should constitute a waiver of the Company's rights to commence an action in any Court of competent jurisdiction in the United States; to remove an action to a United States District Court; to seek a transfer of a case to another Court as permitted by the laws of the United States or any State in the United States; or to appeal any judgment or ruling.

It is further understood and agreed that, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his or her successor(s) in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of an **Insured** or any beneficiary hereunder arising out of this Policy, and hereby designates the President of the Houston Casualty Company in care of the General Counsel, at 13403 Northwest Freeway, Houston, TX, 77040, as the person to whom the said officer is authorized to mail such process or true copy thereof.

It is further understood and agreed that service of process in such suit may be made upon NATIONAL REGISTERED AGENTS, INC., 2875 Michelle Drive, Suite 100, Irvine, CA 92606, and that in any suit instituted against the Company upon this Policy, the Company will abide by the final decision of such Court, or of any Appellate Court in the event of an appeal.

(I) Assignment

No assignment of interest under this Policy shall bind the Company unless its prior written consent is endorsed hereon.

(J) Forfeiture

Any action or failure to act by an **Insured** with the intent to defraud the Company will render such **Insured's Evidence of Coverage** null and void, and all of such **Insured's** coverage hereunder will be forfeited.

(K) Bankruptcy or Insolvency

Bankruptcy or insolvency of an **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights or defenses under this Policy.

(L) Office of Foreign Assets Control

Payment under this Policy shall only be made in full compliance with all United States of America economic or trade sanctions, laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

(M) Headings

The titles of paragraphs or sections of this Policy or any endorsements are intended solely for convenience and reference and are not considered 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 will include the plural when required by context.

(N) Policy Conformance

Any terms of this Policy that conflict with any local or state law, regulation or ordinance of the state that applies, will be thereby amended to the extent necessary in order to conform to such local or state law, regulation or ordinance.

(O) Policyholder's Rights and Duties

The **Policyholder**, on behalf of all **Insureds**, shall be:

- (1) authorized to make changes in the terms of this Policy, with the Company's consent;
- (2) authorized to agree to and receive any endorsements issued to form a part of this Policy;
- (3) responsible for payment all premiums;
- (4) the payee for any return premium; and
- (5) responsible for notifying all **Insureds** if this Policy is canceled or non-renewed.

XIII. CURRENCY AND PAYMENTS

All premium and losses under this Policy shall be payable in United States dollars.

XIV. ENTIRE AGREEMENT

By acceptance of this Policy, the **Policyholder** agrees that this Policy embodies all agreements between the **Policyholder** and the Company relating to this Policy. Notice to any agent, or knowledge possessed by any agent, or by any other person, will not affect a waiver or a change in any part of this Policy or estop the Company from asserting any right under the terms of this Policy; nor will the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy and signed by the Company.

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NUCLEAR INCIDENT EXCLUSION

In consideration of the premium charged, it is understood and agreed that Section **VII. EXCLUSIONS AS TO THE ENTIRE POLICY** of this Policy is amended by the addition of the following Exclusion:

This Policy does not apply to any **Claim** based upon, arising from or in any way involving any injury, sickness, disease, death or destruction, including all forms of radioactive contamination of property:

- (a) with respect to which any **Insured** is also insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for exhaustion of its limit of liability;
- (b) resulting from the **Hazardous Properties of Nuclear Material** and with respect to which:
 - (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, as amended, or any regulations promulgated thereunder;
 - (2) any **Insured** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (c) resulting from the **Hazardous Properties of Nuclear Material**, if:
 - (1) the **Nuclear Material** is at any **Nuclear Facility** owned by, or operated by or on behalf of, an **Insured** or has been discharged or dispersed therefrom;
 - (2) the **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Insured**; or
 - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction maintenance, operation or use of any **Nuclear Facility**; provided, however, if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (c)(3) applies only to injury to or destruction of property at such **Nuclear Facility**.

As used in this Endorsement:

- 1. **"Hazardous Properties"** means radioactive, toxic or explosive properties.
- 2. **"Nuclear Facility"** means:
 - (a) any **Nuclear Reactor**;

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- (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing **Spent Fuel**, or handling, processing or packaging **Waste**;
 - (c) any equipment or device used for the processing, fabricating or alloying of **Special Nuclear Material** if at any time the total amount of such material in the custody of an **Insured** at the premises where such equipment or device is located consists of or contains more than twenty-five (25) grams of plutonium or uranium 233, or any combination thereof, or more than 250 grams of uranium 235;
 - (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **Waste**, and
 - (e) the site on which any of (a) through (d) above is located, all operations conducted on such site and all premises used for such operations.
3. **"Nuclear Material"** means **Source Material, Special Nuclear Material or Byproduct Material**.
 4. **"Nuclear Reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
 5. **"Spent Fuel"** means any fuel element or fuel component, solid or liquid that has been used or exposed to radiation in a **Nuclear Reactor**.
 6. **"Waste"** means any waste material containing **Byproduct Material** and resulting from the operation by any person or organization of any **Nuclear Reactor** or any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing **Spent Fuel**, or handling, processing or packaging **Waste**.
 7. **"Source Material", "Special Nuclear Material" and "Byproduct Material"** have the meanings given them in the Atomic Energy Act 1954, or in any law amendatory thereof.

All other terms and conditions of this Policy remain unchanged.

By: Michael J. Hill
Authorized Representative

Houston Casualty Company
Houston, TX

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POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is already included in your policy (including any quotation for insurance) to which this notice applies. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. **HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, INCLUDING BUT NOT LIMITED TO, AN EXCLUSION FOR NUCLEAR EVENTS. PLEASE READ IT CAREFULLY.** Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a USD100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds USD100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed USD100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for certified acts of terrorism as defined in the Terrorism Risk Insurance Act, as amended in 2015, is 1%. This amount does not include any charges for the portion of loss covered by the Federal Government under the Act.

I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED IN 2015, ANY LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM UNDER MY POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND ARE SUBJECT TO A USD100 BILLION CAP THAT MAY REDUCE MY COVERAGE, AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.

INSURANCE CARRIER: Houston Casualty Company

By: 
Authorized Representative