

E8500.1 Data Breach and Privacy Enhancements Endorsement

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the Data Breach and Privacy Security Liability Coverage Part is amended as follows:

- I. In Section I. What is covered, subsection B. is deleted in its entirety and replaced with the following:

We will also pay up to the coverage part limit for damages and claim expenses in excess of the retention if the performance of your business operations by you or anyone on your behalf (including your subcontractors, outsourcers, or independent contractors) on or after the retroactive date results in a covered claim against you for any actual or alleged:

1. **network security breach;**
2. **privacy liability;**
3. **breach of contract;**
4. **contractual indemnity – third party;**
5. **contractual indemnity – breach costs;**
6. **deceptive trade practices, but only when asserted against you in conjunction with and based on the same allegations as a covered claim under 1., 2., or 3. above; or**
7. **unintentional infliction of emotional distress, but only when asserted against you in conjunction with and based on the same allegations as a covered claim under 1., 2., or 3. above,**

provided the **claim** is first made against **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

- II. In Section II. Coverage enhancements, subsections A. Regulatory action sublimit, and B. Regulatory compensatory sublimit, are deleted in their entirety and replaced with the following:

Regulatory action sublimit A. **We will pay up to the limit stated in the Declarations for damages, claim expenses, and civil or regulatory fines or penalties that are not compensatory in nature for any regulatory action, provided the regulatory action is first brought against you during the policy period, it is brought in connection with and based on the same allegations as a covered claim under Section I. What is covered, B. 1., 2., or 3., it results from the performance of your business operations by you or anyone on your behalf (including your subcontractors, outsourcers, or independent contractors) on or after the retroactive date, and it is reported to us in accordance with Section V. Your obligations.**

You must pay the retention stated in the Declarations in connection with any payment we make under this subsection A, and any payments we make will be a part of, and not in addition to, the coverage part limit.

Regulatory compensatory sublimit B. **We will pay up to the limit stated in the Declarations for damages that are intended to compensate the individuals or entities to whom the personally identifiable information or confidential corporate information relates for any regulatory action, provided the regulatory action is first brought against you during the policy period, it is**

brought in connection with and based on the same allegations as a covered claim under Section I. What is covered, B. 1., 2., or 3., it results from the performance of **your** business operations by **you** or anyone on **your** behalf (including **your** subcontractors, outsourcers, or independent contractors) on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

You must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection B, and any payments **we** make will be a part of, and not in addition to, the **coverage part limit**.

- III. In Section VI. Exclusions – What is not covered, Exclusion 1. Antitrust/deceptive trade practices, is deleted in its entirety and replaced with the following:

- Antitrust/deceptive trade practices 1. based upon or arising out of any actual or alleged:
- a. false, deceptive, or unfair trade practices;
 - b. unfair competition, impairment of competition, restraint of trade, or antitrust violations;
 - c. violation of the Sherman Anti-Trust Act, the Clayton Act, the Robinson-Patman Act, all including as may be amended, or any similar foreign, federal, state, or local statutes, rules, or regulations in or outside the U.S.; or
 - d. deceptive or misleading advertising.

However, this exclusion will not apply to a **claim** for deceptive trade practices asserted against **you** in conjunction with and based on the same allegations as a covered **claim** for a **network security breach, privacy liability, or breach of contract**.

- IV. In Section VI. Exclusions – What is not covered, Exclusion 2. Bodily injury, is deleted in its entirety and replaced with the following:

- Bodily injury 2. based upon or arising out of any actual or alleged **bodily injury**; however, this exclusion will not apply to a **claim** for unintentional infliction of emotional distress asserted against **you** in conjunction with and based on the same allegations as a covered **claim** for a **network security breach, privacy liability, or breach of contract**.

- V. In Section VI. Exclusions – What is not covered, Exclusion 3. Breach of contract, is deleted in its entirety and replaced with the following:

- Assumption of liability 3. based upon or arising out of any actual or alleged liability of others **you** assume under any contract or agreement; however, this exclusion will not apply to:
- a. any liability **you** would have in the absence of the contract or agreement; or
 - b. any **claim** for **contractual indemnity – third party or contractual indemnity – breach costs**.

- VI. In Section VII. Definitions, the definition of “**breach costs**” is deleted in its entirety and replaced with the following:

Breach costs

means any of the following reasonable and necessary costs **you** incur with **our** prior written consent in response to a **breach** that triggers **your** notification obligations pursuant to any foreign, federal, state, or local statute, rule, or regulation, or that **you** satisfy **us** poses a significant risk of financial, reputational, or other harm to the affected **data subjects**:

1. Computer Forensic Costs: costs up to the limit stated in the Declarations for computer forensic analysis conducted by outside forensic experts to confirm a **breach** and to identify the affected **data subjects**, as well as outside attorney fees associated with the forensic reports and findings.
2. Notification Costs: the following costs up to the limit stated in the Declarations:
 - a. Mandatory Notification Costs: for legal services, call center services, and to notify a **data subject**, a regulator, or any others, as required to satisfy **your** notification obligations; and/or
 - b. Voluntary Notification Costs: to voluntarily notify affected **data subjects**, but only if **you** satisfy **us** that the **breach** poses a significant risk of financial, reputational, or other harm to the affected **data subjects**.
3. Credit or Identity Protection Costs: costs up to the limit stated in the Declarations to provide each affected **data subject** with one year (or more as required by law) of services to monitor and/or protect such **data subject's** credit or identity:
 - a. if required by law; or
 - b. if **you** satisfy **us** it mitigates a significant risk of financial, reputational, or other harm to the **data subject**.
4. Crisis Management and Public Relations Costs: costs up to the limit stated in the Declarations for a public relations or crisis management consultant (and related costs) to:
 - a. reduce the likelihood of or costs of any **claim** covered by this policy; or
 - b. to assist **you** in re-establishing **your** business reputation.

We will only be responsible to pay **breach costs** for services provided by a firm on the pre-approved Hiscox Preferred Breach Response Providers List.

Prior to a **breach**, **you** may request in writing **our** authorization to obtain services and incur costs from a firm that is not on the pre-approved Hiscox Preferred Breach Response Providers List, but whether to grant or deny such request will be at **our** sole discretion.

Breach costs will not mean, and **we** will have no obligation to pay, any of **your** own costs, salaries, or overhead expenses.

VII. The following definitions are added to Section VII. Definitions:

Breach of contract

means **your** unintentional breach of a written contract or public facing privacy policy relating to **personally identifiable information** or confidential corporate information, including a contract with a merchant bank or payment processor in which **you** have agreed to comply with a **PCI standard**, and

under which **you** have actually or allegedly failed to maintain the security or confidentiality of payment card data.

Client

means any person or entity with whom **you** contract to provide Covered Professional Services as identified in the Declarations.

Contractual indemnity – third party

means **your** contractual agreement to indemnify **your client**, a merchant bank, or a payment processor for **damages** or **claim expenses** that would be covered by this Coverage Part if they arose from a **claim** against **you**, resulting from **your** actual or alleged:

1. violation of any privacy law or consumer data protection law protecting against disclosure of **personally identifiable information** or confidential corporate information;
2. breach of common law duty relating to **personally identifiable information** or confidential corporate information; or
3. unintentional breach of a written contract or public facing privacy policy relating to **personally identifiable information** or confidential corporate information.

Contractual indemnity – breach costs

means **your** contractual agreement to indemnify **your client**, a merchant bank, or a payment processor for **breach costs** that would be covered by this Coverage Part if **you** had incurred them, but only to the same extent as though **you** had incurred them.