

Data Breach and Privacy Security Liability Coverage Part

I. What is covered

- A. We will pay up to the **coverage part limit** for **breach costs** in excess of the **retention** incurred as a result of a **breach** occurring on or after the **retroactive date** or 90 days before the beginning of the **policy period**, whichever is earlier, provided the **breach** is first discovered by **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.
- B. 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. Coverage enhancements

We will also make the following payments:

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.

Any payment **we** make under this subsection A is subject to the **retention**, and such payments 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.

Any payment **we** make under this subsection B is subject to the **retention**, and such payments will be a part of, and not in addition to, the **coverage part limit**.

PCI fines/penalties sublimit

- C. We will pay up to the limit stated in the Declarations for covered **PCI fines/penalties** assessed against **you** (including **PCI fines/penalties** resulting from a **breach of contract**), as a result of a **breach** arising out of the performance of **your** business

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operations by **you** or anyone on **your** behalf (including **your** subcontractors, outsourcers, or independent contractors) on or after the **retroactive date**, provided the **breach** is first discovered by **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

Any payment **we** make under this subsection C is subject to the **retention**, and such payments will be a part of, and not in addition to, the **coverage part limit**.

PCI assessments sublimit

D. **We** will pay up to the limit stated in the Declarations for covered **PCI assessments** against **you** (including **PCI assessments** resulting from a **breach of contract**), as a result of a **breach** arising out of 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**, provided the **breach** is first discovered by **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

Any payment **we** make under this subsection D is subject to the **retention**, and such payments will be a part of, and not in addition to, the **coverage part limit**.

Supplemental payments

E. **We** will pay reasonable expenses, including loss of wages and a \$250 travel per diem, incurred by **you** if **we** require **you** to attend depositions, arbitration proceedings, or trials in connection with the defense of a covered **claim**, but **we** will not pay more than an aggregate of \$10,000 per **claim** for such expenses, regardless of the number of **insureds**.

No **retention** will apply to amounts **we** pay under this subsection E, and such amounts will be in addition to, and not part of, the **coverage part limit**.

III. Who is an insured

For purposes of this Coverage Part, **you**, **your**, or **insured** means a **named insured**, **subsidiary**, **employee**, or **acquired entity**, as defined below:

Named insured

means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.

Subsidiary

means any entity of which the **named insured** has majority ownership before or as of the inception of the **policy period**.

Employee

means any past, present, or future:

1. person employed by the **named insured** or **subsidiary** as a permanent, part-time, seasonal, leased, or temporary employee, or any volunteer; or
2. partner, director, officer, or board member (or equivalent position) of the **named insured** or **subsidiary**,

but only while in the course of their performance of business operations on behalf of or at the direction of such **named insured** or **subsidiary**.

Acquired entity

means an entity in which the **named insured**, during the **policy period**:

1. acquires substantially all of the assets;
2. acquires the majority of its voting securities, as a result of which it becomes a **subsidiary**; or
3. merges and leaves the **named insured** as the surviving entity.

With respect to an **acquired entity** whose revenues exceed 10% of the annual revenues of the **named insured** at the time of its creation or acquisition, any coverage under this policy will expire 90 days after the effective date of its creation or acquisition unless, within such 90 day period:

1. the **named insured** provides **us** with written notice of such creation or acquisition;

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2. the **named insured** provides **us** with information related to such creation or acquisition as **we** may reasonably require;
3. the **named insured** accepts any special terms, conditions, exclusions, or additional premium charge as **we** may reasonably require; and
4. **we** agree by written endorsement to provide such coverage.

This policy will apply to an **acquired entity** only with respect to **your** business operations performed after the acquisition, merger, or creation.

IV. Defense and settlement of claims

Defense

We have the right and duty to defend any covered **claim**, even if such **claim** is groundless, false, or fraudulent.

We have the right to select and appoint counsel to defend **you** against a covered **claim**. **You** may request in writing that **we** appoint defense counsel of **your** own choice, but whether to grant or deny such a request will be at **our** sole discretion.

Settlement

We have the right to solicit and negotiate settlement of any **claim** but will not enter into a settlement without **your** consent, which **you** agree not to withhold unreasonably. If **you** withhold consent to a settlement recommended by **us** and acceptable to the party who made the **claim**, the most **we** will pay for that **claim** is the sum of:

1. the amount of **our** recommended settlement;
2. **claim expenses** incurred up to the date of **our** recommendation;
3. 50% of all **claim expenses** incurred after **our** recommendation; and
4. 50% of all **damages** in excess of the settlement amount recommended by **us**.

V. Your obligations

Notifying us of breaches

You must give written notice to **us** of any **breach** as soon as possible after it is first discovered by **you**, but in any event no later than: (a) the end of the **policy period**; or (b) 30 days after the end of the **policy period** for a **breach** discovered in the last 30 days of the **policy period**.

All such notifications must be in writing and include a description of the **breach**, and must be submitted to **us** via the designated email address or mailing address identified in Item 6 of the Declarations.

In addition, **you** must also inform, or allow **us** to inform, the appropriate law enforcement authorities for any **breach** requiring such notification.

Notifying us of claims and coverage enhancements

You must give written notice to **us** of any **claim**, or any other matter covered under Section II. Coverage enhancements, as soon as possible, but in any event, no later than 60 days after the end of the **policy period**.

All such notifications must be in writing and include a copy of the **claim** or other covered matter, and must be submitted to **us** via the designated email address or mailing address identified in Item 6 of the Declarations.

Notifying us of potential claims

You have the option of notifying **us** of **potential claims** that may lead to a covered **claim** against **you**.

In order to do so, **you** must give written notice to **us** as soon as possible and within the **policy period**, and the notice must, to the greatest extent possible, identify the details of the **potential claim**, including identifying the potential claimant(s), the likely basis for liability, the likely

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demand for relief, and any additional information about the **potential claim** we may reasonably request.

The benefit to **you** of notifying **us** of a **potential claim** is that if an actual **claim** arises from the same circumstances as the properly notified **potential claim**, then **we** will treat that **claim** as if it had first been made against **you** on the date **you** properly notified **us** of it as a **potential claim**, even if that **claim** is first made against **you** after the **policy period** has expired.

All **potential claim** notifications must be in writing and submitted to **us** via the designated email address or mailing address identified in Item 6 of the Declarations.

Retention and limits

Our obligation to pay **breach costs, damages, claim expenses, PCI fines/penalties, or PCI assessments** under this Coverage Part is in excess of the **retention**, which **you** must pay in connection with each covered **breach** and/or **claim**.

All **breaches** arising from the same circumstances will be treated as a single **breach**, and **you** will have to pay only one **retention**, and only one Each Breach Limit will apply. All such **breaches** will be deemed to have occurred on the date the first **breach** occurred.

If a **claim**, or any other matter covered under Section II. Coverage enhancements, is made against **you** arising from the same circumstances as a **breach**, the **breach, claim**, and coverage enhancement will be treated as a single **claim**, and **you** will have to pay only one **retention**, and only one Each Claim Limit will apply.

VI. Exclusions – What is not covered

We will have no obligation to pay any sums under this Coverage Part, including any **breach costs, damages, claim expenses, PCI fines/penalties, or PCI assessments**, for any **breach** or **claim**:

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; 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**.

Assumption of liability

2. 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**.

Bodily injury

3. 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**.

Breach of warranty/ guarantee

4. based upon or arising out of any actual or alleged breach of express warranties or guarantees, except any warranty or guarantee to maintain the confidentiality of **personally identifiable information** or confidential corporate information. This exclusion

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		will not apply to any liability you would have in the absence of the warranties or guarantees.
Collection of data without knowledge	5.	based upon or arising out of any actual or alleged: a. collection of personally identifiable information by you (or others on your behalf) without the knowledge or permission of the data subject; or b. use of personally identifiable information by you (or others on your behalf) in violation of applicable law.
Criminal proceedings	6.	brought in the form of a criminal proceeding, including but not limited to a criminal investigation, grand jury proceeding, or criminal action.
Employment related liability	7.	based upon or arising out of any actual or alleged: a. obligation under any workers' compensation, unemployment compensation, employers' liability, fair labor standards, labor relations, wage and hour, or disability benefit law, including any similar provisions of any foreign, federal, state, or local statutory or common law; b. liability or breach of any duty or obligation owed by you as an employer or prospective employer; or c. harassment, wrongful termination, retaliation, or discrimination, including but not limited to adverse or disparate impact.
Excluded costs and damages	8.	to the extent it seeks or includes: a. fines, penalties, taxes, or sanctions against you, except we will pay: i. civil or regulatory fines or penalties arising out of a regulatory action, if insurable by law; or ii. PCI fines/penalties assessed against you, if insurable by law; b. overhead costs, general business expenses, salaries, or wages incurred by you; c. the return, reduction, or restitution of fees, commissions, profits, or charges for goods provided or services rendered; d. liquidated or multiple damages; e. restitution, disgorgement of profits, any advantage to which you were not legally entitled, or unjust enrichment; f. the cost of complying with injunctive relief; g. special, indirect, or consequential damages; or h. service credits.
Excluded statutory violations	9.	based upon or arising out of any actual or alleged violation of the following laws: a. the Securities Act of 1933; b. the Securities Exchange Act of 1934; c. any state blue sky or securities laws; d. the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 <i>et seq.</i>; e. the Employee Retirement Income Security Act of 1974; f. the Fair Debt Collection Practices Act; or g. the Fair Credit Reporting Act, all including as may be amended, or any similar provisions of any foreign, federal, state, or local statutory or common law and any rules or regulations promulgated under such laws.

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Failure to maintain insurance or bonds	10.	based upon or arising out of any actual or alleged failure to procure or maintain adequate insurance or bonds.
Funds transfer	11.	for any actual or alleged loss, theft, or transfer of: a. your funds, monies, or securities; b. the funds, monies, or securities of others in your care, custody, or control; or c. the funds, monies, or securities in the care, custody, or control of any third party for whom you are legally liable, including the value of any funds, monies, or securities transferred by you or others on your behalf.
Government investigation/enforcement	12.	based upon or arising out of any actual or alleged governmental investigation or enforcement of any state or federal regulation, including but not limited to any regulation promulgated by the Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission, or ASCAP, BMI, SESAC, or other similar licensing organization; however, this exclusion will not apply to a covered regulatory action .
Industrial control systems/SCADA	13.	based upon or arising out of the use of any control systems used in industrial production, including but not limited to supervisory control and data acquisition (SCADA) systems, distributed control systems, or programmable logic controllers.
Infrastructure interruption	14.	based upon or arising out of any actual or alleged failure or interruption of service provided by an internet service provider, telecommunications provider, utility provider, or other infrastructure provider; however, this exclusion will not apply to a breach of personally identifiable information that was stored in the cloud, on remote servers, at a co-location or data hosting service, or any other method of storing data in a location not in your direct control.
Insured vs. insured	15.	brought by or on behalf of one insured or affiliate against another insured or affiliate; however, this exclusion will not apply to an otherwise covered claim brought by an employee: a. based upon or arising out of such employee's personally identifiable information; or b. solely based on your business operations performed when such employee was not working for you.
Intellectual property	16.	based upon or arising out of any actual or alleged infringement, use, or disclosure of any intellectual property, including but not limited to copyright, trademark, trade dress, patent, service mark, service name, title, or slogan, or any publicity rights violations, cyber squatting violations, moral rights violations, any act of passing-off, or any misappropriation of trade secret.
Intentional acts	17.	based upon or arising out of any actual or alleged fraud, dishonesty, criminal conduct, or any knowingly wrongful, malicious, or intentional acts or omissions, except that we will pay claim expenses until there is a final adjudication establishing such conduct. This exclusion will apply to the named insured only if the conduct was committed or allegedly committed by any: a. partner, director, officer, or member of the board (or equivalent position) of the named insured; or b. employee of the named insured if any partner, director, officer, member of the board (or equivalent position) of the named insured knew or had reason to know of such conduct by the employee. This exclusion will apply separately to each insured and will not apply to any insured who did not commit, participate in, acquiesce to, or ratify such conduct committed by another insured.

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Pollution/environmental	18. based upon or arising out of any actual, alleged, or threatened discharge, dispersal, release, or escape of pollutants , including any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants .
Prior acts/notice/knowledge	19. based upon or arising out of any: claim, potential claim, or breach that was the subject of any notice given under any other policy of which this policy is a renewal or replacement; claim, potential claim, or breach that was the subject of, or is related to, any prior or pending litigation, claim, written demand, arbitration, administrative or regulatory proceeding or investigation, or licensing proceeding that was filed or commenced against you and of which you had notice prior to the policy period; or - other matter you had knowledge of prior to the policy period, and you had a reasonable basis to believe could result in a claim or breach. However, if this policy is a renewal or replacement of a previous policy we issued that provided materially identical coverage, and is part of an unbroken chain of successive policies issued by us, the policy period referred to in paragraphs b and c, above, will be the policy period of the first such policy we issued.
Privacy policy	20. based upon or arising out of any actual or alleged: - failure to have or appropriately display a privacy policy; - failure of your privacy policy to comply with any federal, state, local, or foreign statutes, ordinances, regulations, or other laws; or - changing of the terms of your privacy policy.
Professional services	21. based upon or arising out of the rendering of or failure to render professional services by you or anyone on your behalf; however, this exclusion will not apply to an otherwise covered breach or claim resulting in the course of performance of professional services.
Property damage	22. based upon or arising out of any actual or alleged property damage ; however, this exclusion will not apply to damage to data, or destruction or loss of use of data.
Sweepstakes/gambling/lotteries	23. based upon or arising out of any: - actual or alleged provision of any sweepstakes, gambling activities, or lotteries; or - price discounts, prizes, awards, money, or valuable consideration given in excess of a total contracted or expected amount, including but not limited to over redemption or under redemption of coupons, discounts, awards, or prizes.
Unsolicited telemarketing	24. based upon or arising out of any actual or alleged violation of any federal, state, local, or foreign statutes, ordinances, or regulations relating to unsolicited telemarketing, solicitations, emails, faxes, text messages, or any other communications of any type or nature, including but not limited to the Telephone Consumer Protection Act, CAN-SPAM Act, or any "anti-spam" or "do-not-call" statutes, ordinances, or regulations.

VII. Definitions

The following definitions apply to this Coverage Part. Additional definitions are contained in Section III. Who is an insured, and in the General Terms and Conditions, Section VI. Definitions applicable to all Coverage Parts.

Affiliate	means any person or entity related to any insured through common ownership, control, or management.
Bodily injury	means physical injury, sickness, disease, death, humiliation, mental injury, mental anguish, emotional distress, suffering, or shock sustained by a person.

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Breach

means the unauthorized acquisition, access, use, or disclosure of **personally identifiable information**, including but not limited to that resulting from the loss or theft of a device containing such **personally identifiable information**.

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.

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.

Claim

means any written assertion of liability or any written demand for financial compensation or non-monetary relief.

Claim expenses

means the following sums incurred in excess of the **retention** and with **our** prior consent:

1. all reasonable and necessary fees, costs, and expenses (including the fees of attorneys and experts) incurred in the investigation, defense, or appeal of a **claim**; and
2. premiums on appeal bonds, attachment bonds, or similar bond, but **we** will have no obligation to apply for or furnish any such bonds.

Client

means any person or entity for whom **you** perform the services **you** normally provide as part of **your** business operations.

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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.

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,

but only to the same extent as though they arose from a **claim** against **you**.

Damages

means the following amounts incurred in excess of the **retention**:

1. a monetary judgment or monetary award that **you** are legally obligated to pay (including pre- or post-judgment interest and awards of claimant's attorney fees); or
2. a monetary settlement negotiated by **us** with **your** consent.

Damages includes punitive damages to the full extent they are insurable under the law of any applicable jurisdiction that most favors coverage.

Data subject

means the person to whom **personally identifiable information** relates.

Network security breach

means negligence by **you** or others acting on **your** behalf (including **your** subcontractors, outsourcers, or independent contractors) in securing **your** computer system which results in:

1. transmission of malicious software such as a computer virus, worm, logic bomb, or Trojan horse;
2. a denial of service attack against a third party;
3. the unauthorized acquisition, access, use, or disclosure of **personally identifiable information** or confidential corporate information that is held or transmitted in any form;
4. prevention of authorized electronic access to any computer system, **personally identifiable information**, or confidential corporate information; or
5. damage to any third party digital asset.

Payment card company rules

means any payment card company programs, rules, by-laws, policies, procedures, regulations, or requirements, including but not limited to VISA's CISP, MasterCard's SDP, Discover Card's DISC, and AMEX's DSOP, all as may be amended.

PCI assessments

means any amounts assessed against **you** by a payment card company to recover actual costs incurred by the payment card company, issuing bank, or acquiring bank to:

1. replace credit or debit cards whose card numbers were compromised in a **breach**; or
2. refund fraudulent charges which resulted from a **breach**, whether such charges are incurred by a **data subject**, issuing bank, or acquiring bank.

PCI assessments does not include any **PCI fines/penalties**.

PCI fines/penalties

means any fine or penalty expressly defined and quantified under the **payment card company rules** for a violation of a **PCI standard**; however, **PCI fines/penalties** does not include:

1. any amounts not expressly defined under the **payment card company rules** for a violation of a **PCI standard**;
2. civil penalties;

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3. any amounts voluntarily agreed to by **you**; or

4. **PCI assessments**.

PCI standard

means the Payment Card Industry Data Security Standard, as may be amended.

Personally identifiable information

means the following, in any form, that is in **your** care, custody, or control, or in the care, custody, or control of any third party for whom **you** are legally liable:

1. non-public individually identifiable information as defined in any foreign, federal, state, or local statute, rule, or regulation, including but not limited to unsecured protected health information as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and any rule or regulation promulgated under HIPAA; or
2. any:
 - a. social security number or individual taxpayer identification number;
 - b. driver's license number or state identification number;
 - c. passport number;
 - d. credit card number; or
 - e. financial account number or debit card number in combination with any required security code.

Pollutants

means any solid, liquid, gaseous, biological, radiological, or thermal irritant or contaminant, including smoke, vapor, asbestos, silica, dust, nanoparticles, fibers, soot, fumes, acids, alkalis, chemicals, nuclear materials, germs, and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.

Potential claim

means any acts, errors, or omissions of an **insured** or other circumstances reasonably likely to lead to a **claim** covered under this policy.

Privacy liability

means:

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

Property damage

means physical loss of, physical damage to, or destruction or loss of use of any tangible property.

Regulatory action

means any civil regulatory action brought against **you** by a regulator.

Retention

means the amount stated as such under the Data Breach and Privacy Security Liability Coverage Part section of the Declarations.

You, your, or insured

means a **named insured**, **subsidiary**, **employee**, or **acquired entity**, as defined in Section III. Who is an insured.