

AIG MERCHANT DATA SECURITY POLICY

Please read the entire **policy** to determine the **named insured's** rights and duties and what is and what is not covered under this **policy**. Words and phrases that appear in boldface are defined in Clause III., **DEFINITIONS**.

In consideration of the payment of the premium and in reliance upon the statements in the application and its attachments and the material incorporated therein, and made a part hereof, we agree as follows:

I. INSURING AGREEMENTS

A. Data Security Liability

We shall pay on behalf of the **named insured**, those amounts in excess of any applicable Retention, the **named insured** is legally obligated to pay as **damages** resulting from a **claim** arising from a **data security event** first discovered by the **named insured** during the **policy period** and reported to us within the **notice period**.

B. Data Security Event Expenses

We shall pay the **named insured** for all reasonable **security event expenses** and **post event services expenses** resulting from any **data security event** first discovered by the **named insured** during the **policy period** and reported to us within the **notice period**.

II. DEFENSE AND REGULATORY ACTIONS

Solely with respect to coverage afforded under Insuring Agreement I.A, **Data Security Liability**:

- A. *Our Duty To Defend the Named Insured*: We have the right and the duty to defend a **suit** brought against the **named insured** arising from an otherwise covered **data security event**, even if the **suit** is groundless or fraudulent.
- B. *Our Right to Settle Claims*: We have the right, but not the duty, to settle any **claim**, with the written consent of the **named insured**.
- C. *Defense Costs*: We shall pay for **defense costs** the **named insured** incurs with our prior written consent in the defense of a **suit** for covered **data security events** occurring during the **policy period**. We have the right, but not the duty, to investigate any **claim** against the **named insured**. In the event we investigate any **claim** and the **named insured** incurs **defense costs** with our prior written consent as a result of such investigation, we shall pay such **defense costs**.
- D. *Named insured's Right To Settle*: The **named insured** may settle any **claim** or **suit** to which this insurance applies provided that the **named insured** does so for an amount not exceeding the applicable Retention (inclusive of **defense costs**).
- E. *When Our Duty to Defend Ends*: Our duty to defend ends upon the exhaustion of the Aggregate Limit of Insurance or applicable Sublimit of Insurance set forth in the Declarations by payment of **damages** and/or **defense costs**. Our duty to defend also ends if the **named insured** fails or refuses to consent to any settlement we recommend and the claimant will accept. The **named insured** must then defend the **claim** at the **named insured's** own expense. As a consequence of such failure or refusal, our liability for all **damages** and/or **defense costs** shall not exceed the amount for which we could have settled the **claim** had the **named insured** consented, plus **defense costs** incurred prior to the date of such failure or refusal.
- F. *Regulatory Actions*: We have the right, but not the duty, to defend any **regulatory action**. We shall pay for **defense costs** the **named insured** incurs with our prior written consent in the defense of a **regulatory action** as a result of a covered **data security event**.

III. DEFINITIONS

- A. **Bank card** means a financial transaction card, including a debit card, credit card or prepaid card, issued by a **card association** or a financial institution as a member of a **card association**.
- B. **Cardholder** means a natural person or entity to which a **bank card** has been issued.
- C. **Cardholder Information** means the data contained on a **bank card**, or otherwise provided to a **merchant**, that is required by the **card association** or the **named insured** in order to process, approve and/or settle a **bank card** transaction.
- D. **Card association** means each of Visa International, MasterCard Worldwide, Discover Financial Services, JCB, American Express and any similar credit or debit card association that is a participating organization of the PCI Security Standards Council.
- E. **Card association assessment** means a monetary assessment, fee, fine or penalty levied against a **merchant** or the **named insured** by a **card association** as the result of (i) a **data security event** or (ii) a security assessment conducted as the result of a **data security event**.
- F. **Card replacement expenses** means the costs that the **named insured** or a **merchant** are required to pay to replace compromised **bank cards** as the result of (i) a **data security event** or (ii) a security assessment conducted as the result of a **data security event**.
- G. **Claim** means (1) a written demand for payment of money, including a **suit**, or (2) a **regulatory action**.
- H. **Damages** means any amount that the **named insured** shall be legally required to pay because of civil judgments or arbitration awards rendered against the **named insured**, or for settlements negotiated by us or the **named insured** in accordance with Clause II. **DEFENSE**. **Damages** shall also include punitive, exemplary and multiple damages; provided, however, the enforceability of such coverage shall be governed by such applicable law which most favors coverage for punitive, exemplary and multiple damages.

Damages shall not include **security event expenses**, **post event service expenses**, civil or criminal fines or penalties imposed by law, liquidated damages, taxes, or any amount for which the **named insured** is not financially liable or which is without legal recourse to the **named insured** or matters which may be deemed uninsurable under the law pursuant to which this **policy** is construed.
- I. **Data security event** means the actual or suspected unauthorized access to or use of **cardholder information**, arising out of a **merchant's** possession of or access to such **cardholder information**, which has been reported (a) to a **card association** by a **merchant** or the **named insured** or (b) to the **merchant** or the **named insured** by a **card association**. All **damages**, **defense costs** or **security event expenses** and **post event services expenses** resulting from the same, continuous, related or repeated event or which arise from the same, related or common nexus of facts, will be deemed to arise out of one **data security event**.
- J. **Defense costs** means reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond or to appeal), charged by an attorney and incurred by us or by the **named insured** with our written consent, and resulting solely from the investigation, adjustment, defense and appeal of any **claim** against the **named insured**. **Defense costs** shall not include compensation or expenses of the **named insured**.
- K. **Forensic audit expenses** means the costs of (i) a forensic investigation conducted to determine the cause and extent of a **data security event**, and (ii) a security assessment conducted by a qualified security assessor approved by a **card association** or the PCI Security Standards Council.
- L. **Merchant** means each and every entity that enters into a customer processing agreement with the **named insured**.
- M. **Named insured** means the entity indicated in Item 1. of the Declarations.

- N. **Notice period** means the sixty (60) day period of time the **named insured** shall have to notify us that a **data security event** has occurred. The **notice period** shall commence immediately upon first discovery of the **data security event** by the **named insured**.
- O. **Policy** means this **policy** and any endorsements attached hereto, together with the application with any attachments thereto and material incorporated therein.
- P. **Policy period** means the period commencing on the effective date specified in Item 2. of the Declarations and ending on the earlier of either the expiration date specified in Item 2 of the Declarations or the effective date of cancellation of this **policy**.
- Q. **Pollutants** means, but are not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, asbestos, acids, alkalis, chemicals and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
- R. **Post event services expenses** means reasonable fees and expenses incurred by the **named insured** or a **merchant** with **our** prior written consent, for any service specifically approved by **us** in writing, including without limitation, identity theft education and assistance and credit file monitoring. Such services must be provided by or on behalf of the **named insured** or a **merchant** within one (1) year following discovery of a **data security event** covered under this **policy** to a **cardholder** whose **cardholder information** is the subject of that **data security event** for the primary purpose of mitigating the effects of such **data security event**.
- S. **Regulatory action** means a request for information, civil investigation, demand or civil proceeding commenced by service of a complaint or similar pleading, brought by, or on behalf of, a governmental agency, that alleges a violation of any federal, state, foreign or local privacy statute arising out of a **data security event** reported to **us** within the **notice period**.
- T. **Security event expenses** means card association assessments, forensic audit expenses and card replacement expenses
- U. **Suit** means a civil proceeding seeking monetary relief that is commenced by the service of a summons and a complaint or similar pleading. **Suit** shall also include a binding arbitration proceeding in which monetary relief is alleged and to which the **named insured** must submit or does submit with **our** prior written consent.
- V. **We, us** and **our** mean the insurer issuing this **policy**.

IV. DUTIES IN THE EVENT OF A DATA SECURITY EVENT OR CLAIM

- A. Before coverage will apply under this **policy**, the **named insured** shall notify **us** in writing as soon as practicable within the **notice period** of an actual or alleged **data security event** first discovered by the **named insured** during the **policy period**. Notice must include:
 1. The name of the **merchant**;
 2. A description of the **data security event**;
 3. The number of **cardholders** affected by the **data security event**; and
 4. A copy of all notices and correspondence from the **named insured**, the **merchant**, or a **card association** concerning the **data security event**.
- B. The **named insured** shall also provide **us** written notice of any **claim** arising from such **data security event** reported in accordance with paragraph A. above, as soon as practicable after such **claim** is made.

In the event of a **claim**, the **named insured** shall immediately record the specifics of the **claim** and the date the **named insured** first received such **claim**. The **named insured** shall also:

1. Immediately send us copies of all demands, notices, summonses or other legal documents received in connection with the claim;
2. Authorize us to obtain records and other information; and
3. Give us and any counsel we select to represent the named insured in connection with a suit or to investigate any claim, full cooperation and such information as we or such counsel may reasonably require, including, but not limited to, assisting us or such counsel in:
 - (i) any investigation of a claim, or other matter relating to the coverage afforded under this policy (including submission to an examination by us or our designee, under oath if required by us);
 - (ii) making settlements;
 - (iii) enforcing any legal rights the named insured or we may have against any person or entity who may be liable to the named insured;
 - (iv) attending depositions, hearings and trials;
 - (v) securing and giving evidence, and obtaining the attendance of witnesses; and
 - (vi) any inspection or survey conducted by us.
- C. Under all circumstances, the named insured shall not admit any liability, assume any financial obligation, pay any money, or incur any expense in connection with any data security event without our prior written consent. If the named insured does, it will be at the named insured's own expense. The foregoing sentences of this paragraph IV.C. shall not apply to a settlement pursuant to Clause II. DEFENSE, paragraph D. of this policy so long as the named insured provides us written notice of such settlement as soon as practicable, but in no case later than thirty (30) days after such settlement is reached in principle.
- D. The named insured shall take reasonable steps to prevent a data security event and to mitigate the damages arising out of a data security event, including without limitation, following the procedures required by a card associations in the event of a data security event. In all events, no named insured shall take any action, or fail to take any action, without our prior written consent, which prejudices our rights under this policy, except as indicated in Clause II. DEFENSE, paragraph D.

V. ADDITIONAL OBLIGATIONS

In addition to all other duties and obligations contained elsewhere in this policy:

- A. The named insured shall provide us written notice, on a monthly basis, of the number of merchants under contract to receive bank card processing services from the named insured as of the last day of the calendar quarter. The named insured shall provide us with such notice within fifteen (15) business days after the end of each calendar quarter.
- B. The named insured shall allow us to examine and audit all of its records that relate to this policy. We may conduct the audits during regular business hours during the policy period and within three (3) years after the policy period ends; and
- C. The named insured shall pay all premium under this policy when due. The named insured shall also be responsible for the giving and receiving of any notice under this policy, including, but not limited to, notice of a data security event and any claim arising out of such data security event.

VI. EXCLUSIONS

This policy shall not apply to:

- A. any damages, defense costs, security event expenses and post event services expenses arising out of or resulting, directly or indirectly, from any dishonest, fraudulent, criminal or malicious act,

error or omission, or any intentional or knowing violation of the law, or gaining of any profit or advantage to which the **named insured** is not legally entitled, if committed by the **named insured's**:

1. directors, officers, trustees, governors, management committee members, members of the management board or partners (or the equivalent positions), whether acting alone or in collusion with other persons; or
2. employees (other than officers) if any of the **named insured's** elected or appointed officers possessed knowledge of any such:
 - a) dishonest, fraudulent, malicious, or criminal or malicious act, error or omission;
 - b) intentional or knowing violation of the law or the **privacy policy** of the **named insured**, or
 - c) gaining of any profit or advantage to which the **named insured** is not legally entitled; prior to or at the time (a), (b) or (c) above were committed;

provided, however, we will defend suits alleging any of the foregoing conduct, until there is a judgment against, final adjudication against, adverse finding of fact against, adverse admission by, or plea of *nolo contendere* or no contest by, the **named insured** as to such conduct, at which time the **named insured** shall reimburse us for **defense costs**;

- B. any **data security event** caused by or resulting from an act, error or omission of the **named insured**, including, without limitation, the failure of the **named insured's** security, computer system or payment processing network; provided however, this exclusion does not apply to the actual or alleged failure of the **named insured** to monitor the operations of, or the security procedures or computer systems used by, any **merchant**.
- C. solely with respect to the Data Security Liability coverage provided by Insuring Agreement I.A., any **data security event** caused by an act, error or omission of a **merchant**, that:
 1. was dishonest, fraudulent, criminal, malicious or intentionally in violation of the law, where; or
 2. constituted a knowing and willful breach of the customer processing agreement between the **named insured** and the **merchant**, including any security requirements incorporated therein;

where (1) any of the **named insured's** directors, officers, trustees, governors, management committee members, members of the management board or partner (or the equivalent positions), knew of such act, error or omission prior to the discovery of the **data security event**; and (2) the **named insured**, upon learning of such act, error or omission, failed to act promptly to remediate or demand the **merchant's** remediation;

- D. any **damages, defense costs, security event expenses** and **post event services expenses** arising out of or resulting from a **claim, suit, action or proceeding** against the **named insured** or a **merchant** that is brought by or on behalf of any federal, state or local government agency, provided however, this exclusion does not apply to **defense costs** arising out of or resulting from a **regulatory action**;
- E. any **data security event** relating to a **merchant** which has experienced a prior **data security event** unless such **merchant** was later certified as PCI compliant by a qualified security assessor;
- F. any **data security event** arising out of a **merchant** allowing any party (other than its employees or the **named insured**) to hold or access **cardholder information**.
- G. any **data security event** involving: (i) a **merchant** categorized by any **card association** as "Level 1" or (ii) a **merchant** that processed more than six million (6,000,000) **bank card transactions** during the twelve month period prior to the **policy period**.

- H. any expenses, other than security event expenses and post event services expenses, incurred by the **named insured** or a **merchant**, arising out of or resulting, directly or indirectly, from a **data security event**, including without limitation, expenses incurred to bring a **merchant** into compliance with the PCI Data Security Standard or any similar security standard ;
- I. any **damages, defense costs, security event expenses, and post event services expenses** arising out of or resulting, directly or indirectly, from physical injury, sickness, disease, disability, shock or mental anguish sustained by any person, including without limitation, required care, loss of services or death at any time resulting therefrom;
- J. any **damages, defense costs, security event expenses, and post event services expenses** arising out of or resulting, directly or indirectly, from any of the following:
 - 1. fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, an act of God or any other physical event, however caused;
 - 2. strikes or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; or
 - 3. electrical or mechanical failures, including any electrical power interruption, surge, brownout or blackout; a failure of telephone lines, data transmission lines, satellites or other infrastructure comprising or supporting the Internet, unless such lines or infrastructure were under the **named insured's** operational control;
- K. any **damages, defense costs, security event expenses, and post event services expenses** arising out of or resulting, directly or indirectly, from the presence of or the actual, alleged or threatened discharge, dispersal, release or escape of **pollutants** (including nuclear materials), or any direction 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**;
- L. any **data security event** that was not properly reported to us during the **notice period**;
- M. any **data security event** occurring before the effective date of the customer processing agreement between the relevant **merchant** and the **named insured** or after the termination of such agreement.
- N. any **claim** seeking non-monetary relief, including without limitation, injunctive relief, declaratory relief, or other equitable remedies;
- O. any expenses incurred for, or as a result of, regularly scheduled, recurring or routine security assessments, regulatory examinations, inquiries or compliance activities;
- P. any liability or obligation of the **named insured** under any contract or agreement; however, this exclusion shall not apply to (i) liability the **named insured** would have in the absence of such contract or agreement, (ii) liability or obligation under any customer processing agreement with a **merchant**, or (iii) any agreement with a **card association** relating to the **named insured's** processing and settling of transactions involving **bank cards** issued or authorized by such **card association**.
- Q. any **data security event** that first occurred prior to the Retroactive Date set forth in Item 5. of the Declarations;
- R. any **damages, defense costs, security event expenses, and post event services expenses** arising out of or resulting, directly or indirectly, from the infringement of copyright, patent, trademark, trade secret or other intellectual property rights;

- S. any damages, defense costs, security event expenses, and post event services expenses alleging, arising out of or resulting, directly or indirectly, from any discrimination against any person or entity on any basis, including but not limited to: race, creed, color, religion, ethnic background, national origin, age, handicap, disability, sex, sexual orientation or pregnancy; or
- T. any claim against the named insured that is brought, directly or indirectly, by or on behalf of:
 - 1. any entity that is owned, managed or operated, directly or indirectly, in whole or in part, by the named insured; or
 - 2. any parent company, subsidiary, director, officer, partner, trustee, successor or assignee of the named insured, or anyone affiliated with the named insured or such business entity through common majority ownership or control.

VII. LIMITS OF INSURANCE

- A. The Aggregate Limit of Insurance indicated in Item 3.A. of the Declarations of this policy will be the most we shall pay for all coverages combined, regardless of the number of data security events, regulatory actions, merchants, persons, entities or claims covered by this policy and regardless of the total of all damages, defense costs, security event expenses and post event services expenses resulting from all data security events first discovered by the named insured during the policy period and reported to us within the notice period.
- B. All damages, defense costs, security event expenses and post event services expenses resulting from the same, continuous, related or repeated data security event shall be subject to the terms, conditions, exclusions and Aggregate Limit of Insurance of the policy issued by us to the named insured in effect at the time the first such data security event is first discovered by the named insured.
- C. The most we shall pay for the total of all damages and defense costs is the Liability Sublimit of Insurance indicated in Item 3.B. of the Declarations, regardless of the number of data security events first discovered by the named insured during the policy period and reported to us within the notice period. The Liability Sublimit of Insurance is part of, and not in addition to the Aggregate Limit of Insurance, and shall be excess of any applicable Retention.
- D. The most we shall pay for the total of all security event expenses and post event services expenses arising out of or relating to any merchant is the Per Merchant Sublimit of Insurance indicated in Item 3.C. of the Declarations; regardless of the number of data security events first discovered by the named insured during the policy period and reported to us within the notice period. The Per Merchant Sublimit of Insurance is part of, and not in addition to the Aggregate Limit of Insurance.
- E. The most we shall pay for defense costs under this policy, in the aggregate, for all regulatory actions combined, regardless of the number of merchants, occurrences, regulatory actions or data security events covered by this policy, is the Regulatory Action Sublimit of Insurance set forth in Item 3.D. of the Declarations. The Regulatory Action Sublimit of Insurance is part of, and not in addition to the Aggregate Limit of Insurance, and shall be excess of any applicable Retention.
- F. Solely with respect to Insuring Agreement I.A, Data Security Liability, we shall also pay all interest on that amount of any judgment for a covered data security event that is within the applicable Sublimit of Insurance:
 - 1. which accrues after entry of judgment; and
 - 2. before we have paid, offered to pay, or deposited in court that part of the judgment within our applicable Limit of Insurance.

Any such payment shall be part of, and not in addition to, the Aggregate Limit of Insurance.

VIII. RETENTION

Solely with respect to **damages** and **defense costs**, the **named insured** shall be responsible for the Retention set forth in the Declarations and such Retention amount must remain uninsured. The Retention applies to each **data security event**. In our sole absolute discretion, we may advance all or part of the Retention in which case the **named insured** agrees to repay us immediately after we notify the **named insured** of that payment. The Retention does not apply to coverage provided by Insuring Agreement I.B. (**Data Security Event Expenses**).

IX. OTHER PROVISIONS AFFECTING COVERAGE

A. Coverage Territory

Subject to its terms, conditions and exclusions, this **policy** applies to a **data security event** occurring, and **damages**, **defense costs**, **security event expenses** and **post event services expenses** incurred, anywhere in the world.

B. Legal Action Against Us

1. With respect to Insuring Agreement I. A., no person or organization has a right under this **policy**:

- a) to join us as a party or otherwise bring us into a suit asking for **damages** from the **named insured**; or
- b) to sue us on this **policy** unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against the **named insured** obtained after an actual trial; but we will not be liable for **damages** that are not payable under the terms of this **policy** or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the **named insured** and the claimant or the claimant's legal representative.

2. Except as provided in paragraph IX.H. of this **policy**, with respect to Insuring Agreements I.B., no legal action may be brought or made against us under this **policy** unless:

- a) there has been full compliance with all of the terms of this **policy**; and
- b) the action is brought within two (2) years after the date on which a **data security event** is first discovered by the **named insured**.

C. Subrogation

In the event of any payment under this **policy**, we shall be subrogated to the extent of such payment, to all rights of recovery of the **named insured** arising out of a covered **data security event**. The **named insured** shall do whatever is necessary, including signing documents, to help us obtain any recovery we may seek. To the extent we make a payment under this **policy** and, prior or subsequent to such payment, the **named insured** receives any amount from any other person or entity in connection with or arising out of the **data security event** with respect to which we made such payment, the **named insured** shall immediately remit such amount to us up to the amount of our payment.

Notwithstanding the foregoing, to the extent the **named insured** waives its right to recover **security event expenses** or **post event services expenses** from a **merchant** in connection with the coverage provided under this **policy**, we shall also waive our right of recovery for any such amounts from such merchant.

D. Other Insurance

This **policy** shall be primary with respect to any other valid and collectible insurance available to the **named insured**, unless such other valid and collectible insurance is also stated to be primary. In that case, we will share with all other insurance by the method described below.

1. If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer shall contribute equal amounts in excess of the applicable Retention until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.
2. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share shall be based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

E. Assignment

This **policy** and any rights provided by this insurance are not assignable without our written consent.

F. Changes

Changes to the provisions of this **policy** shall be made only by written endorsement issued by us and made a part of this **policy**.

G. Reimbursement

Payments made under this **policy** to or on behalf of the **named insured** shall be repaid to us by the **named insured** in the event and to the extent that the **named insured** shall not be entitled to such payment.

H. Alternative Dispute Resolution

It is hereby understood and agreed that all disputes or differences which may arise under or in connection with this **policy**, whether arising before or after termination of this **policy**, including any determination of the amount of **damages, defense costs, security event expenses and post event services expenses**, must first be submitted to the non-binding mediation process as set forth in this clause.

The non-binding mediation will administered by any mediation facility to which we and the **named insured** mutually agree, in which all implicated **insureds** and we shall try in good faith to settle the dispute by mediation in accordance with the American Arbitration Association's ("AAA") then-prevailing Commercial Mediation Rules. The parties shall mutually agree on the selection of a mediator. The mediator shall have knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute. The mediator shall also give due consideration to the general principles of the law of the state where the **named insured** is incorporated in the construction or interpretation of the provisions of this **policy**. In the event that such non-binding mediation does not result in a settlement of the subject dispute or difference:

1. either party shall have the right to commence a judicial proceeding; or
2. either party shall have the right, with all other parties consent, to commence an arbitration proceeding with the AAA that will be submitted to an arbitration panel of three (3) arbitrators as follows: (a) the **insured** shall select one (1) arbitrator; (b) we shall select one (1) arbitrator; and (c) said arbitrators shall mutually agree upon the selection of the third arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing Commercial Arbitration Rules.

provided, however, that no such judicial or arbitration proceeding shall be commenced until at least ninety (90) days after the date the non-binding mediation shall be deemed concluded or terminated. Each party shall share equally the expenses of the non-binding mediation.

The non-binding mediation may be commenced in New York, New York; Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; or in the state indicated in Item 1 of the Declarations as the mailing address for the **named insured**.

I. Title of Paragraphs

The titles of the various clauses and paragraphs of this **policy** and endorsements, if any, attached to this **policy**, are inserted solely for convenience or reference and are not to be deemed in any way to limit or expand the provisions to which they relate, and are not part of this **policy**.

J. Cancellation

There shall be no coverage for any **data security event** first discovered by the **named insured** after the effective date and time of the expiration, cancellation or non-renewal of this **policy**.

This **policy** may be canceled by the **named insured** by surrender of this **policy** to **us** or by giving written notice to **us** stating when thereafter such cancellation shall be effective. This **policy** may not be canceled by **us** at any time during the **policy period**, provided however, we may cancel for non-payment of premium by delivering to the **named insured** by registered, certified, or other first class mail or other reasonable delivery method at the address of the **named insured** set forth in Item 1 of the Declarations, written notice, stating when, not less than ten (10) days thereafter, the cancellation shall be effective. The mailing of such notice, as aforesaid, shall be sufficient proof of notice. This **policy** shall be deemed canceled at the date and hour specified in such notice.

If the period of limitation relating to the giving of notice for cancellation by **us**, as set forth above, is also set forth in any controlling law, the period set forth above shall be deemed to be amended so as to be equal to the minimum period of limitation set forth in such controlling law if it is a longer period.

K. Extended Discovery Period

If the **named insured** shall cancel or we or the **named insured** refuse to renew this **policy**, the **named insured** shall have the right to a period of one year following the effective date of such cancellation or nonrenewal (herein referred to as the "**extended discovery period**"), upon a payment of an additional premium amount of seventy-five percent (75%) of the full annual premium, in which to give written notice to **us** of any **data security event** occurring during the **policy period** and first discovered by the **named insured** during the **extended discovery period**. This right shall terminate, however, unless written notice of such election together with the addition premium due is received by **us** within thirty (30) days after the effective date of the cancellation or nonrenewal. This section and the rights contained herein shall not apply to any cancellation resulting from a non-payment of premium.

As used in the preceding paragraph, "full annual premium" means (i) in the event of nonrenewal, the premium paid during the **policy period**, or (ii) in the event of cancellation, the total premium that would have been paid during the **policy period** but for the cancellation. The **extended discovery period** is not cancelable and the additional premium charged shall be fully earned at inception of the **extended discovery period**. The Limits of Insurance and Sublimits of Insurance for the **extended discovery period** shall be part of and not in addition to the Limits of Insurance and Sublimits of Insurance for the **policy period**.

L. Organizational Changes

If during the **policy period**:

- (1) the **named insured** shall consolidate with, merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or
- (2) any person or entity or group of persons or entities acting in concert shall acquire securities or voting rights which result in ownership or voting control by other entities or persons of more

than fifty percent (50%) of the outstanding securities representing the rights to vote for the election of the **named insured's** directors;

(any of such events being a "**transaction**"), then this **policy** shall continue in full force and effect as to **data security events** occurring on or after the Retroactive Date and prior to the effective time of the **transaction**; provided that such **data security event** is first discovered prior to the effective time of the **transaction** and otherwise reported to us during the **notice period** and in accordance with the terms and conditions of this **policy**. There shall be no coverage afforded by any provision of this **policy** for any **data security event** that is first discovered, or that occurs, on or after the effective time of the **transaction**, unless (i) within thirty (30) days of such **transaction** we have been provided with full particulars of the **transaction**, the related entities and any other information requested by us, and (ii) the **named insured** or its successor, has agreed to any additional premium and amendments to this policy required by us.

Post-**transaction** coverage as described above is conditioned upon the **named insured** or its successor paying when due any additional premium required by us. This policy may not be canceled after the effective time of a **transaction** and the entire premium for this **policy** shall be deemed earned as of such time.

<End>