# DATA BREACH COVERAGE - RESPONSE EXPENSE

**PLEASE READ ALL PROVISIONS CAREFULLY, AND CONTACT "YOUR" AGENT OR BROKER IF "YOU" HAVE ANY QUESTIONS. "YOUR" COVERAGE APPLIES WHEN A "DATA BREACH" OCCURS ON OR AFTER THE RETROACTIVE DATE AND BEFORE THE END OF THE "POLICY PERIOD", AND THE "DATA BREACH" IS FIRST DISCOVERED DURING THE "POLICY PERIOD". COVERED "DATA BREACH EXPENSES" WITHIN THE DEDUCTIBLE AMOUNT MUST BE PAID BY "YOU" AND DO NOT REDUCE THE LIMITS OF LIABILITY. COVERED "DATA BREACH EXPENSES" ABOVE THE DEDUCTIBLE ARE PAYABLE UNDER THIS "COVERAGE PART" AND REDUCE THE LIMITS OF LIABILITY. SOME PROVISIONS IN THIS "COVERAGE PART" RESTRICT COVERAGE. READ THE ENTIRE "COVERAGE PART" CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND WHAT IS NOT COVERED.**

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we" "us" and "our" refer to the stock insurance company member of The Hartford providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. DEFINITIONS**.

**A. INSURING AGREEMENT**

We will pay for "data breach expenses" that you incur as a result of a "data breach" of "personally identifiable information", subject to the limit of insurance, if the following conditions are met:

1. The "data breach" occurs after the "retroactive date" and before the end of the policy period;
2. The insured first becomes aware of the "data breach" during the policy period;
3. At the time you applied for this insurance you had no knowledge of the "data breach".
4. The "data breach" is reported to us as soon as practicable, but in no event later than 30 days after it is first discovered by the insured.
5. The "data breach" must involve "personally identifiable information" that was held by you or on your behalf in the United States, Puerto Rico and Canada.

We will have no duty to pay for any damages for which this insurance does not apply.

**B. LIMIT OF INSURANCE**

1. We will pay up to the limit of insurance for "data breach expenses" stated in the policy declarations. A sublimit applies for the following "data breach expenses":
   a. The maximum amount we will pay for "Legal and Forensic Services" relating to a "data breach" is $5,000.
   b. The maximum amount we will pay for "Good Faith Advertising Services" relating to a "data breach" is $5,000.

   We will not pay "Data breach expenses" in excess of the applicable limit of insurance for Data Breach – Response Expenses that is shown on the policy.
2. Regardless of when expenses are incurred, we will not pay "Data breach expenses" in excess of the Limit of Insurance that is applicable to the policy period when the "data breach" was first discovered

**C. WHO IS AN INSURED**

If you are designated in the declarations as:

1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership of joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers. .

4. An organization, other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors.
5. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

**D. DEDUCTIBLES**

We will not pay for "data breach expenses" until the amount of loss exceeds the deductible shown in the declarations. Subject to the sublimits set forth above and to the other terms and conditions of the policy, we will pay the amount of loss in excess of the deductible up to the limit of insurance shown in the declarations.

**E. DUTIES IN THE EVENT OF LOSS**

1. You must report the "data breach" to us on or within 30 days of your discovery of the "data breach" and, you must:
   a. Immediately record the specifics of the "data breach", and the date discovered;
   b. Cooperate with us in the investigation of the "data breach".
   c. Assist us, upon our request in the enforcement of any right against any person or organization which may have accessed, lost, stolen or disclosed the information or data giving rise to a "data breach".
   d. You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
2. You have up to one year from the date of reporting a "data breach" to initiate the services provided to you.
3. As soon as possible, give us, and/or our agent, a description of how, when and where the "data breach" occurred, including but not limited to all of the following information as it becomes known to you:
   a. The method of "data breach";
   b. The approximate date and time of the "data breach";
   c. The approximate number of files compromised as a result of the "data breach";
   d. A detailed description of the type and nature of the information that was compromised;
   e. Whether or not the information was encrypted, and, if so, the level of encryption;
   f. Whether or not law enforcement has been notified;
   g. If available, the states in which a person whose "personally identifiable information" was the subject of a "data breach" are domiciled;
   h. If available, who received the information contained in the "data breach" and
   i. Any other access, information or documentation we reasonably require to investigate or adjust the loss.
4. Take all reasonable steps to protect "personally identifiable information" remaining in your care, custody or control.
5. Preserve, and permit us to inspect, all evidence of the "data breach".
6. If requested, permit us to question you under oath, orally or in writing, at such times as may be reasonably required about any matter relating to this insurance or the loss, including copies of your books and records. In answering questions in writing, your answers must be signed.

**F. EXCLUSIONS**

This insurance does not cover:

1. "Data breach expenses" relating to any "data breach" arising out of a criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by an insured.
2. "Data breach expenses" incurred in connection with any criminal investigations or proceedings, or any civil investigations or proceedings initiated by a governmental agency or authority.
3. Any costs to correct a deficiency in your systems, including but not limited to, data security, data storage or physical security and procedures.
4. "Data breach expenses" related to a "data breach" arising out of any virus of other malicious code, software, spyware or malware that is, on the date the data breach occurred, named and recognized by the CERT Coordination Center or any industry acceptable third party antivirus, antimalware, or other solution that monitors malicious code activity.

5. "Data breach expenses" related to a "data breach" arising out of any failure to apply or improper application of necessary software patches.
6. Any fines, penalties, or surcharges.
7. Costs or losses incurred by a person whose "personally identifiable information" was the subject of a "data breach" except as provided under "data breach expenses".
8. "Data breach expenses" relating to any "data breach" that was know to an insured prior to the policy.
9. "Data breach expenses" arising from a failure to comply with any state, federal or self-regulatory requirement around minimum data security standards.
10. "Data breach expenses" arising from data that is stored or processed outside of the United States, its territories and possessions and whose security is compromised in that foreign jurisdiction.

**G. CONDITIONS**

1. The first named insured must pay all premiums when due. We will pay any return premium to the first named insured.
2. Our obligation to pay "data breach expenses" will only be in excess of the applicable deductible as stated in the declarations.
3. "Data breach expenses" will only be paid if provided by our designated third party provider(s) or by a third party provider that is approved by us prior to the start of any services. You will have a direct relationship with the provider and all services providers work for you.

   We are not liable for any act or omission by any third party provider of services.

**H. DEFINITIONS**

1. "Data breach" means the loss, theft, accidental release or accidental publication of "personally identifiable information", or circumstances objectively giving rise to a substantial risk that such a loss, theft, release or publication has occurred.
2. "Data breach expenses" includes reasonable:
   a. Notification expenses to notify a person whose "personally identifiable information" was the subject of a breach in compliance of "data breach" statutes or regulations;
   b. Crisis management expenses to perform services by any public relations firm, crisis management firm or law firm to minimize potential harm to the Insured;
   c. Monitoring service expenses to provide victims with credit, fraud, public records or other monitoring alerts for up to one year, if determined to be warranted by us or the service provider.
   d. "Good faith advertising services" to assist in organizing the insured's media responses.
   e. "Legal and forensic services" to provide reimbursement for the verification of compliance with data breach notification laws. This also provides coverage for the investigation of computer hacking incidents, lost and stolen property, cyber extortion, database fraud and determinations as to whether or not data was accessed.
3. "Personally identifiable information" means an individual's social security number, bank account number, credit and debit card account numbers, PIN numbers or transaction history, driver's license number, medical diagnosis, patient history and medications and any other applicable private information that may be defined by state or federal law.
4. "Policy Period" means the time beginning with the effective date shown in the Declarations and ending with the earlier of:
   a. The date of termination or cancellation; or
   b. The expiration date shown in the declarations.
5. "Retroactive date" means the date displayed on the Data Breach Coverage declarations page.. If no date is entered on the declarations page, the retroactive date is the same as the effective date.