

ENDORSEMENT

Named Insured: <<Named Insured>>

Policy Number: <<Policy Number>>

Endorsement

Endorsement

Effective Date: <<end eff date>>

Number: <<end number>>

12:01 AM Standard Time at the address of the **Named Insured** as shown in the Declarations.

ENDURANCE PREMIER PROFESSIONAL POLICY NETWORK PROPERTY COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Except as otherwise provided herein, this endorsement forms part of, and is subject to, the definitions, terms, conditions, limitations and exclusions contained in the Policy. If there is any conflict between this endorsement and the Policy, this endorsement shall prevail.

I. ADDITIONAL INSURING AGREEMENTS

D. Business Income Loss

If Insuring Agreement D. is purchased as designated in Item 4. of the Declarations, the **Insurer** will pay the **Insured** any **Business Income Loss** and **Extra Expenses** the **Insured** sustains during the **Period of Restoration** due to an **Interruption of Service**, provided such **Interruption of Service** first occurs during the **Policy Period**.

E. Contingent Business Income Loss

If Insuring Agreement E. is purchased as designated in Item 4. of the Declarations, the **Insurer** will pay the **Insured** any **Contingent Business Income Loss** and **Extra Expenses** the **Insured** sustains during the **Period of Restoration** due to an **Interruption of Service**, provided such **Contingent Business Income Loss** first occurs during the **Policy Period**.

F. Digital Asset Loss

If Insuring Agreement F. is purchased as designated in Item 4. of the Declarations, the **Insurer** will reimburse the **Insured** for any **Digital Asset Replacement Expenses** the **Insured** incurs due to the corruption or destruction of **Digital Assets** caused by a **Security Event**, provided such **Security Event** first occurs during the **Policy Period**.

G. Cyber Extortion Threat and Reward Payments

If Insuring Agreement G. is purchased as designated in Item 4. of the Declarations, the **Insurer** will reimburse the **Insured** for any **Extortion Expenses** and **Extortion Payments** actually paid by the **Insured** that result directly from a **Cyber Extortion Threat**, provided the **Insured** first receives such **Cyber Extortion Threat** during the **Policy Period**.

The **Insurer** will reimburse the **Insured** for any reward the **Insured** pays to any person or entity for information leading to the arrest and conviction of any person who is making or has made any **Cyber Extortion Threat**, provided the **Insured** first receives such **Cyber Extortion Threat** during the **Policy Period** and the **Insurer** consents to offering such reward prior to it being offered. Neither internal nor external auditors of the **Insured** will be eligible to receive any Reward Payment.

For all coverages offered under this endorsement, **Security Events** which have a common event, cause, circumstance or condition will be classified as **Interrelated Security Events**.

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II. ADDITIONAL DEFINITIONS

For the purposes of the coverage provided by this Coverage Endorsement, the following definitions are added to **SECTION II. DEFINITIONS**:

- A. **Business Income Loss** means the following, if incurred within 30 days of the end of an **Interruption in Service** and if caused solely by a **Security Event** directly impacting the **Insured's Computer System**:
1. net profit before taxes that the **Insured** does not realize due to an **Interruption in Service** (which if agreed will be calculated by applying an Hourly Sublimit), based upon the **Period of Restoration**; and
 2. normal operating expenses incurred by the **Insured** (including payroll), but solely to the extent that such operating expenses must continue during the **Period of Restoration** and would have been incurred had there been no **Interruption in Service**.
- B. **Contingent Business Income Loss** means the **Business Income Loss** sustained by the **Insured** as a result of an **Interruption of Service** caused directly and solely by a **Security Event** impacting a **Qualified Service Provider's Computer System**, but only if such **Security Event** would have been covered under this endorsement if such **Qualified Service Provider** had been the **Insured**, applying the same terms and conditions herein.

Business Income Loss and **Contingent Business Income Loss** do not include any:

1. contractual penalties;
 2. costs or expenses incurred to update, restore, replace or improve a **Computer System** to a level beyond that which existed just before the **Interruption of Service**;
 3. expense incurred to identify or remediate software program errors or vulnerabilities;
 4. legal costs or expenses of any nature;
 5. loss arising out of liability to any third party;
 6. any other consequential loss or damage; or
 7. **Extra Expenses**.
- C. **Cyber Extortion Threat** means a credible threat or connected series of threats made by someone other than the **Insured's** directors, officers or employees to:
1. introduce **Malicious Code** into the **Insured's Computer System**;
 2. prevent access to or use of the **Insured's Computer System** or the **Insured's Digital Assets**;
 3. interrupt the **Insured's Computer System** through a **Denial of Service Attack**; or
 4. disseminate, divulge, or improperly utilize any **Personal Information** or any other corporate information in the care, custody or control of any **Insured** taken as a result of the **Unauthorized Use** of or the **Unauthorized Access** to the **Insured's Computer System**.
- D. **Digital Assets** means software and data in electronic form stored on the **Insured's Computer System**. **Digital Assets** do not include accounts, bills, evidences of debt, money, valuable papers, records, abstracts, deeds, manuscripts or other documents, except as they have been converted to electronic data, and then only in that form.
- E. **Digital Asset Replacement Expenses** means the reasonable and necessary expenses the **Insured** incurs to replace, restore or recollect **Digital Assets** from written records or partially or fully matching electronic data due to their corruption or destruction from a **Security Event**, including any disaster recovery or computer forensic investigation efforts.

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Digital Asset Replacement Expenses do not include:

1. any expense incurred to update, replace, restore, or otherwise improve **Digital Assets** to a level beyond that which existed prior to the loss event;
 2. any expense incurred to identify or remediate software program errors or vulnerabilities, or costs to update, replace, upgrade, restore, maintain or improve any **Computer System**;
 3. any expense incurred to research and develop **Digital Assets**, including trade secrets;
 4. the economic or market value of **Digital Assets**, including trade secrets; or
 5. any other consequential loss or damage.
- F. **Extortion Payments** means monies paid to a third party whom the **Insured** reasonably believes to be responsible for **Cyber Extortion Threat**, provided that:
1. the **Insurer's** prior consent is obtained prior to making such **Extortion Payments**; and
 2. such **Extortion Payments** are made to terminate the **Cyber Extortion Threat**.
- G. **Extortion Expenses** means the reasonable and necessary expenses incurred by the **Insured**, with the prior consent of the **Insurer**, that are directly attributable to a **Cyber Extortion Threat**, other than **Extortion Payments**.
- H. **Extra Expenses** means the reasonable and necessary expenses incurred by the **Insured** during the **Period of Restoration** to minimize, avoid or reduce an **Interruption in Service**, provided that such expenses are over and above the **Insured's** normal operating and payroll expenses.
- Extra Expenses** does not include:
1. any costs or expenses to correct any deficiencies or problems with any **Computer System** or to identify or remediate software errors or vulnerabilities;
 2. any costs to prevent a loss or to correct any deficiencies or problems with any **Computer System** that might cause or contribute to a claim;
 3. any costs or expenses to update, restore, replace or improve any **Computer System** to a level beyond that which existed just before the **Interruption of Service**;
 4. any contractual penalties; or
 5. **Digital Asset Replacement Expenses**, **Extortion Expenses** or **Extortion Payments**.
- I. **Insured's Computer System**, for the purposes of this endorsement only, means (1) computers and associated software, input and output devices, data storage devices, networking equipment and backup facilities operated by and either owned by or leased to the **Insured**; and (2) expressly excludes services provided by a **Qualified Service Provider**.
- J. **Interrelated Security Events** means all **Security Events** which are continuous or repeated or which have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes.
- K. **Interruption of Service** means the actual and measurable interruption, suspension, failure, degradation or delay in the performance of the **Insured's Computer System** which is directly caused by a **Security Event**.
- L. **Period of Restoration** means the period from the date and time that a **Computer System** first suffered an **Interruption of Service** to the date and time such **Computer System** was restored, or could have been restored with reasonable speed, to substantially the level of operation that had existed prior to such **Interruption of Service**; provided, however, that in no event shall such period exceed thirty (30) days. **Period of Restoration** does not include any increases in the period of time defined above due to the enforcement of any law, ordinance or regulation.

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- M. **Qualified Service Provider** means a service provider that the **Insured** does not own, operate or control, but which provides **Technology Services** under contract and for a fee that **Insured** depends on to conduct its business.
- N. **Security Event** means any **Unauthorized Access** to, **Unauthorized Use** of, introduction of **Malicious Code** into, or **Denial of Service Attack** that results in:
1. an **Interruption of Service**; or
 2. the alteration, corruption or destruction of **Digital Assets** or other corporate information in the care, custody or control of the **Insured**.
- O. **Waiting Hours Retention** means the dollar amount of **Business Income Loss**, **Contingent Income Loss** and **Extra Expenses** incurred by an **Insured** during the Waiting Period shown in Item 4. of the Declarations.

III. ADDITIONAL EXCLUSIONS

The **Insurer** will not pay any **Business Income Loss**, **Contingent Business Income Loss**, **Extra Expenses**, **Digital Asset Replacement Expenses**, **Extortion Expenses**, **Extortion Payments** or Reward Payments under this endorsement based upon, arising out of, attributable to or involving directly or indirectly:

- A. any mechanical or electrical failure, interruption or outage, however caused, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuation or outage to gas, water, telephone, cable, satellite, telecommunications, the internet or any component thereof including hardware, software or any other infrastructure;
- B. any circumstance or situation occurring prior to the inception date of this Policy or the inception date of the first policy in an uninterrupted series of network security insurance policies continuously issued by the **Insurer** to the **Insured** of which this Policy is a renewal, whichever inception date is earlier, if on or before such earlier inception date the **Insured** knew or could have reasonably foreseen that such circumstance or situation would give rise to a **Security Event** or a **Cyber Extortion Threat**;
- C. seizure, confiscation, expropriation, nationalization, or destruction of any **Computer System** or **Digital Assets** by order of any governmental authority;
- D. fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or act of God or any other physical event, however caused;
- E. ordinary wear and tear or gradual deterioration of any **Computer System** or **Digital Assets**; or
- F. any operator error, software error, faulty instruction, unintentional programming error, or failure in project planning.

IV. ADDITIONAL LIMITS OF LIABILITY

For the purposes of the coverage provided by this endorsement, the following provisions are added to Section V. Limits of Liability:

- A. Subject to Section V.A., the total liability of the **Insurer** for all **Business Income Loss** and **Extra Expenses** for any one **Security Event** is the amount shown in Item 4. of the Declarations as the Coverage D. Limit of Liability.
- B. Subject to Section V.A., the total liability of the **Insurer** for all **Contingent Business Income Loss** and **Extra Expenses** for any one **Security Event** is the amount shown in Item 4. of the Declarations as the Coverage E. Limit of Liability.

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- C. Subject to Section V.A., the total liability of the **Insurer** for all **Digital Asset Replacement Expenses** in any one **Security Event** is the amount shown in Item 4. of the Declarations as the Coverage F. Limit of Liability.
- D. Subject to Section V.A., the total liability of the **Insurer** for all **Extortion Expenses, Extortion Payments** and Reward Payments for any one **Cyber Extortion Threat** is the amount shown in Item 4. of the Declarations as the Coverage G. Limit of Liability.

V. RETENTIONS/WAITING PERIOD AND INTERRELATED SECURITY EVENTS

For the purposes of the coverage provided by this endorsement, the following provisions are added to Section V. F Self-Insured Retention:

- A. The **Insurer** will pay **Business Income Loss, Contingent Business Income Loss** and **Extra Expenses** resulting from any one **Security Event** in excess of the applicable Retention up to the applicable Limit of Liability. The applicable Retention is the greater of (a) the dollar retention amount set forth in Item 4. Of the Declarations; or (b) the **Waiting Hours Retention**. The **Business Income Loss, Contingent Business Income Loss** and **Extra Expenses** applicable to the Retention shall be computed as of the start of the **Interruption of Service**.
- B. The **Insurer** will pay **Digital Asset Replacement Expenses** resulting from any one **Security Event** in excess of the applicable Retention up to the applicable Limit of Liability.
- C. The **Insurer** will pay **Extortion Expenses** and **Extortion Payments** resulting from any one **Cyber Extortion Threat** in excess of the applicable Retention up to the applicable Limit of Liability. The **Insurer** will pay Reward Payments resulting from any one **Cyber Extortion Threat** up to the Limit of Liability for Reward Payments, which is subject to the Coverage G. Limit of Liability. No Retention applies to Reward Payments.
- D. **Interrelated Security Events** shall be deemed one **Security Event** and shall be deemed to first occur at the time the earliest **Security Event** of the **Interrelated Security Events** first occurs.
- E. In the event any one **Security Event** triggers more than one Coverage under this Coverage Endorsement, the highest applicable Retention shall apply to such **Security Event** and the amount payable by the **Insurer** with respect to such **Security Event** shall be limited to the amount of the Limit of Liability of the Coverage corresponding to the highest applicable Retention.

VI. CHANGES TO CONDITIONS

For the purposes of the coverage provided by this endorsement, Section VII. A of the Policy shall be deleted in its entirety and is replaced by the following:

Notice of a Security Event or Cyber Extortion Threat and Insured's Duties

- A. Once aware of a **Security Event**, the **Insured** must provide the **Insurer** with prompt notice as soon as practicable, but in no event later than thirty (30) days after becoming aware of such **Security Event**.

The **Insured** agrees to take all reasonable steps and measures to limit or mitigate **Business Income Loss** and **Contingent Business Income Loss**, and to provide the **Insurer** with any cooperation and assistance the **Insurer** shall reasonably request, including:

1. the investigation of any **Security Event** or potential **Security Event**;
2. enforcing the legal rights the **Insured** or the **Insurer** may have against any party that may be liable to the **Insured**; and
3. the conduction of a forensic accounting exercise to calculate a **Business Interruption Loss** or a **Contingent Business Interruption Loss**.

E N D O R S E M E N T

Within six (6) months after the occurrence of any such **Security Event**, the **Insured** must furnish the **Insurer** with a written description of the **Insured's** claimed loss, duly sworn to, with full particulars, and a detailed calculation of any **Business Income Loss, Contingent Business Income Loss, Digital Asset Loss** or **Cyber Extortion Threat** loss.

- B. Following a **Cyber Extortion Threat**, the **Insured** must provide the **Insurer** with prompt notice as soon as practicable of such **Cyber Extortion Threat**, but in no event later than thirty (30) days after the **Insured** first receives such **Cyber Extortion Threat**.

VII. VALUATION

A. **Business Income Loss and Contingent Business Income Loss**

Business Income Loss and **Contingent Business Income Loss** will be calculated on an hourly basis, or if agreed based on an Hourly Sublimit. In determining the amount of net profit or loss and expenses covered under Coverages D and E., the **Insurer** will give due consideration to the net profit or loss of the **Insured** before the **Interruption of Service** occurred and the probable net profit or loss of the **Insured** if no **Interruption of Service** had occurred. However, such net profit or loss calculations shall not include, and this Coverage Endorsement shall not cover, net income that would likely have been earned as a result of an increase in the volume of the **Insured's** business due to favorable business conditions caused by the impact of any event similar to a **Security Event** suffered by other businesses. The **Insured** will provide the **Insurer** with access to all relevant sources of information, including, but not limited to:

1. the **Insured's** financial records, tax returns, accounting procedures;
2. bills, invoices and other vouchers; and
3. deeds, liens and contracts.

B. **Digital Asset Replacement Expenses**

1. If the **Insured** cannot restore **Digital Assets** but can recollect such **Digital Assets**, then **Digital Assets Replacement Expenses** shall be limited to the actual cost the **Insured** incurs to recollect such **Digital Assets**.
2. If the **Insured** cannot restore or recollect **Digital Assets**, then **Digital Assets Replacement Expenses** shall be limited to the actual cost the **Insured** incurs to reach this determination.

All other terms and conditions shall remain unchanged.

<<electronic signature>>

Authorized Representative

This endorsement does not change any other provision of the Policy. The title and any headings in this endorsement are solely for convenience and do not affect its meaning.