



**AMERICAN INTERNATIONAL
SPECIALTY LINES INSURANCE COMPANY**

A Member Company of American International Group, Inc.

(hereinafter the **insurer, we, us** or **our**)

A Capital Stock Insurance Company

175 Water Street

New York, NY 10038

NOTICE: THIS INSURANCE COMPANY IS NOT LICENSED BY THE STATE OF NEW YORK

**AIG netAdvantage LiabilitySM
INTERNET LIABILITY INSURANCE**

NOTICE: THIS POLICY CONTAINS SEVERAL COVERAGE PARTS. CERTAIN LIABILITY COVERAGE PARTS OF THIS POLICY ARE LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. DEFENSE EXPENSE UNDER THE LIABILITY COVERAGE PARTS OF THIS POLICY SHALL REDUCE THE APPLICABLE LIMIT OF LIABILITY AND ARE ALSO SUBJECT TO THE RETENTION SET FORTH IN THE DECLARATIONS. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE PROVIDED BY THIS POLICY WITH YOUR INSURANCE AGENT OR BROKER.

Renewal of:

Policy Number:

DECLARATIONS

ITEM 1. **NAMED INSURED:**

ADDRESS:

ITEM 2. **POLICY PERIOD:** FROM _____ TO _____
(12:01 A.M. standard time at the address of the Named Insured)

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ITEM 3. **LIMITS OF LIABILITY:** (including **claim expenses**)

A. **AGGREGATE LIMIT OF LIABILITY**
(aggregate for all coverages combined) \$ _____

B. **SUBLIMITS OF LIABILITY**

COVERAGE	Per wrongful act or security failure or extortion claim	AGGREGATE
A. Media Liability Coverage	\$ _____ each wrongful act or series of continuous, repeated or related wrongful acts	\$ _____ (aggregate)

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COVERAGE	Per wrongful act or security failure or extortion claim	AGGREGATE
B. Professional Services Liability Coverage	\$_____ each wrongful act or series of continuous, repeated or related wrongful acts	\$_____ (aggregate)
C. Security Liability Coverage	\$_____ each wrongful act or series of continuous, repeated or related wrongful acts	\$_____ (aggregate)
D. Extortion Coverage	\$_____ each extortion claim or series of continuous, repeated or related claims	\$_____ (aggregate)

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ITEM 4. **RETENTION:**

COVERAGE	Per claim or security failure or extortion claim
A. Media Liability Coverage	\$_____ each claim
B. Professional Services Liability Coverage	\$_____ each claim
C. Security Liability	\$_____ each claim
D. Extortion Coverage	\$_____ each extortion claim

ITEM 5. **RETROACTIVE DATE:** _____

ITEM 6. **PREMIUM:** \$ _____

ITEM 7. **NAME AND ADDRESS OF INSURER:**

(This policy is issued only by the insurance company indicated below)

PRODUCER:

PRODUCER LICENSE NO:

ADDRESS:

IN WITNESS WHEREOF, the **insurer** has caused this policy to be signed on the Declarations by its President, a Secretary and a duly authorized representative of the **insurer** or countersigned in states where applicable.

PRESIDENT

SECRETARY

AUTHORIZED REPRESENTATIVE
OR COUNTERSIGNATURE
(IN STATES WHERE REQUIRED)

SPECIMEN

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY

AIG netAdvantage LiabilitySM
INTERNET LIABILITY INSURANCE

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In consideration of the premium charged, and in reliance upon the statements in the application(s) attached hereto and made a part hereof, and subject to the Limits of Liability set forth in the Declarations and the terms and conditions contained herein, the insurance company designated in Item 7 of the Declarations, (hereinafter called **we, us, or our**) agrees as follows:

I. INSURING AGREEMENT

A. Media Liability Coverage

We shall pay on **your** behalf those amounts, in excess of the applicable Retention, **you** are legally obligated to pay, including **content-based liability** and liability **assumed under contract**, as **damages**, resulting from any **claim(s)** made against **you** for **your wrongful act(s)** in the display of **Internet media**. Such **wrongful act(s)** must occur during the **policy period**.

B. Professional Services Liability

(1) **We** shall pay on **your** behalf those amounts, in excess of the applicable Retention, **you** are legally obligated to pay, as **damages**, resulting from any **claim(s)** first made against **you** and reported to **us** in writing during the **policy period** or Extended Reporting Period (if applicable), for **your wrongful act(s)**. Such **wrongful act(s)** must occur on or after the Retroactive Date and be in **your** performance of:

- a. **Internet technology services; or**
- b. **Internet professional services** (other than **Internet media services**).

(2) **We** shall pay on **your** behalf those amounts, in excess of the applicable Retention, **you** are legally obligated to pay, including **content-based liability** and liability **assumed under contract**, as **damages**, resulting from any **claim(s)** made against **you** for **your wrongful act(s)** in **your** performance of **Internet media services**. Such **wrongful act(s)** must occur during the **policy period**.

C. Security Liability Coverage

We shall pay on **your** behalf those amounts, in excess of the applicable Retention, **you** are legally obligated to pay, as **damages**, resulting from any **claim(s)** first made against **you** and reported to **us** in writing during the **policy period** or Extended Reporting Period (if applicable) for **your wrongful act(s)**. Such **wrongful act(s)** must occur on or after the Retroactive Date set forth in the Declarations and result in a **failure of security of your computer system**.

D. Cyber-Extortion Coverage

We shall indemnify **you** for those amounts, in excess of the applicable Retention, **you** pay as **extortion monies** resulting from an **extortion claim**

first made against **you** and reported to **us** in writing during the **policy period**.

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Crisis Management *1

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II. DEFENSE COSTS, CHARGES AND EXPENSES

- A. We** have the right and duty to defend a **suit** brought against **you**, even if the **suit** is groundless or fraudulent and, with **your** written consent, settle any **suit** if **we** believe that it is proper.

We have the right, but not the duty, to investigate any **claim** (including any **extortion claim**) and, with **your** written consent, settle any **claim** (including any **extortion claim**) if **we** believe that it is proper.

Your refusal to consent to a settlement may impact **our** obligations under this policy as stated in sections V.A and VII.B.

- B. Claim expenses** (including any **extortion expenses**) are part of and subject to **our** Limit of Liability. **Our** duty to defend ends after the applicable Limit of Liability has been exhausted by payment of **loss**, including **claim expenses** (including any **extortion expenses**).
- C. You** may settle any **claim** or **suit** to which this insurance applies provided that **you** do so (i) on behalf of all **insureds**, and (ii) without incurring **loss** in excess of any and all applicable Retentions.

III. DEFINITIONS

- A. Advertising** means the material in any publicity or promotion including branding, co-branding, sponsorships and/or endorsements on **your** own behalf or for others on **your Internet site**.
- B. Assumed under contract** means liability assumed by **you** in the form of hold harmless or indemnity agreements executed with any party, but only for **Internet media** provided or disseminated by **you**.
- C. Bodily injury** means physical injury, sickness or disease, and, if arising out of the foregoing, mental anguish, mental injury, shock, humiliation or death at any time.
- D. Claim** means:
- (1) a demand for money, services, non-monetary or injunctive relief; or
 - (2) a **suit** (including a civil, criminal or arbitration proceeding) for monetary or non-monetary relief.
- E. Claim expenses** means that part of **loss** consisting of the reasonable and necessary fees charged by an attorney appointed by **us**, as well as all other reasonable and necessary fees, costs and expenses incurred in the defense or investigation of a **claim** by **us** or by **you** with **our** prior written consent. **Claim expenses** shall also include premiums for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any **claim**; however, **we** have no obligation to appeal or to obtain these bonds. **Claim expenses** does not include compensation, benefits, overhead, charges

or expenses of **yours** or **your** employees’.

F. Computer attack means **unauthorized access, unauthorized use** or transmission of a **malicious code** which alters, copies, misappropriates, corrupts, destroys, disrupts, deletes or damages **your computer system** whether intentional or unintentional, hostile or otherwise and regardless of whether the perpetrator is motivated for profit. **Computer attack** shall include **denial of service** as a result of any of the aforementioned intentional conduct.

G. Computer system means computer hardware, software and firmware and data stored thereon, which are linked together through a network of two or more computers, or accessible through the **Internet**, including network infrastructure, input, output, processing storage and off-line media libraries.

H. Content-based liability means **your** liability arising from a third party acting upon **your Internet media** or **Internet media services**, provided the third party has no common ownership interest or other affiliation with **you**.

I. Damages means that part of **loss** consisting of any amount that **you** shall be legally required to pay because of judgments, arbitration awards or the like rendered against **you**, or for settlements negotiated by **us** with **your** written consent; provided that **damages** shall not include any amounts for which **you** are not financially liable or for which there is no legal recourse against **you**, the costs and expenses of complying with any injunctive or other form of equitable relief, or matters that may be deemed uninsurable under the law.

Damages shall also include:

- (1) punitive, exemplary and multiple damages (where insurable by law);
- (2) pre-judgment interest;
- (3) post-judgment interest that accrues after entry of judgment and before **we** have paid, offered to pay or deposited in court that part of the judgment within the applicable Limit of Liability; and
- (4) **damages** by reason of **content-based liability** or liability **assumed under contract**.

J. Denial of service means the inability of a third party, who is authorized to do so, to gain access to **your professional services** or **your computer system** through the **Internet** in a manner in which the third party is legally entitled.

K. Extortion claim means any **claim** in the form of a threat or connected series of threats to commit an intentional **computer attack** against **you**, including, without limitation, the intentional introduction, implantation, transmission or spreading of a **malicious code** into or from **your computer system** for the purpose of demanding **extortion monies**.

L. Extortion expenses means **claim expenses** directly resulting from an **extortion claim**, other than **extortion monies**.

M. Extortion monies means that part of **loss** consisting of any monies paid by **you** with **our** prior written consent to a person(s) whom **we** reasonably believe

Deleted: <#> **Crisis event** means any covered **claim** under this policy (including a covered **extortion claim**) or event resulting in covered **loss** under this policy. **Crisis event** may also mean, in **our** sole and absolute discretion, any **failure of your computer system's security** which in the good faith written opinion of **your** chief technology, chief information or chief security officer is reasonably likely to result in an otherwise covered **claim** under this policy. ¶
<#> **Crisis expenses** means that part of **loss** consisting of the reasonable and necessary fees charged by and expenses incurred through a **crisis management firm** appointed by **us** or by **you** with **our** prior written consent, solely for the purpose of restoring the confidence of **your** customers and investors in **your computer system's security**. **Crisis expenses** does not include compensation, benefits, overhead, charges or expenses of **yours** or **your** employees'. ¶

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to be responsible for an **extortion claim**, solely where such payment is made to terminate or end such **extortion claim**; provided that such monies shall not exceed the amount **we** reasonably believe to be the **loss** that would have been covered under this policy had the **extortion monies** not been paid.

N. Failure means the inability of **your computer system's security** to prevent a **computer attack, unauthorized access, unauthorized use**, disclosure of confidential or private information, or the transmission of a **malicious code**. **Failure** shall also include such inability caused by a theft of a password or access code by non-electronic means in violation of **your** specific, written **security** policies and procedures. However, in no event, shall unintentional programming or operational errors constitute **failure**.

O. First inception date means the inception date of the first AIG **netAdvantage Liability** policy issued by **us** or any other member company of American International Group, Inc. ("AIG") to the **named insured** and continually renewed by **us** or any other AIG member company until the inception date of this policy.

P. Internet means the worldwide public network of computers as it currently exists or may be manifested in the future, including the Internet, an intranet, an extranet or a virtual private network.

Q. Internet media means any material on **your Internet** site, including **advertising**.

R. Internet media services means consulting, **advertising**, webcasting, electronic publishing, transmission, republication, retransmission, utterance, dissemination, distribution, serialization, creation, production, origination, exhibition, displaying, researching or preparation of material in connection with **your Internet professional services**.

S. Internet professional services means the following services:

- (1) designing, constructing or maintaining an **Internet** site;
- (2) integrating electronic information or business processes with an **Internet** site;
- (3) providing an end-user or customer access to the **Internet** through a browser which enables the customer or end-user to send and receive electronic information;
- (4) providing access to or dissemination of material, goods or services over the **Internet**;
- (5) providing **Internet** search/navigational tools or **Internet** site building tools and technology;
- (6) providing an end-user or customer with a unique **Internet** address that can function as the beginning and end point of electronic information transfers;
- (7) providing electronic mail services;
- (8) maintaining chat room(s) or bulletin board(s);
- (9) acquiring, researching, gathering, recording, collecting or preparing of material by means of the foregoing **Internet professional services**; or
- (10) any other **Internet** related service specified by written endorsement

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Deleted: <#> **Information assets** means **your computer system** including the electronic data stored therein. Electronic data includes, without limitation, customer lists and information, financial, credit card, competitive, and confidential or private information stored electronically. **Information assets** shall only include **trade secrets** if such coverage is specifically provided by written endorsement to this policy. **Information assets** shall also include the capacity of **your computer system** or its components to be available to its users, including but not limited to memory, bandwidth, processor time, use of communication facilities and any other computer-connected equipment.¶

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<#> **Injury** means the altering, copying, misappropriating, corrupting, destroying, disrupting, deleting, damaging or theft of **information assets**, whether or not criminal or intentional.¶

Deleted: <#> **Internet business interruption** means the actual **loss you** sustain during the **period of recovery** due to the disruption, interruption, delay, or suspension of **your** ability to conduct **your** business on the **Internet** as a result of a **failure**. The actual **loss** sustained shall be the net profit (or loss) before income taxes that would have been earned or incurred from **your** business on the **Internet** had no **failure** occurred and all reasonable and necessary ch ... [1]

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attached to this policy.

T. Internet technology service(s) means providing any of the following in connection with **your Internet professional services**:

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- (1) any computer or electronic information technology services performed by **you**, or others acting under **your** trade name with **your** consent, for others for a fee, including consulting, systems analysis, systems programming, data processing, system integration, development, design, management, repair or maintenance of computer products, networks or systems; or
- (2) any computer hardware, software or related electronic product, equipment or device that is created, manufactured, developed, distributed, licensed, leased or sold by **you**, or by others acting under **your** trade name with **your** consent, to others for a fee, including training in the use of such computer hardware, software or related technology products.

U. Last termination date means the effective date of cancellation or expiration of the last AIG netAdvantage Liability policy issued by **us** or any other AIG member company to the **named insured** in a continuously renewed succession of such AIG netAdvantage Liability policies to the **named insured** since the **first inception date**.

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V. Leased worker means a person provided by an employment contractor or agency under an agreement between the **named insured** and the employment contractor or agency to perform duties related to the conduct of the **named insured's Internet** related business.

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W. Loss means

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- (1) with respect to coverages A, B and C, the total sum of **damages** and **claims expenses**; and
- (2) with respect to coverage D, the total sum of **extortion monies** and **extortion expenses**.

Further, with respect to coverages A, B, C, and D, under this policy, **loss** shall not mean and this policy shall not cover:

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- i. production costs or loss of profits, the cost of recall, reproduction, reprinting, or correction of material by **you**, or by an independent contractor, additional **insured** or indemnitee afforded coverage under this policy;
- ii. any costs or expenses incurred by **you** or others to withdraw or recall **your Internet media** from the marketplace, or from loss of use by the **insured** or any other person or organization arising out of such withdrawal or recall;
- iii. fines, penalties, or taxes;
- iv. the monetary value of any electronic fund transfers or transactions by **you** or on **your** behalf which are lost or damaged during transfer from, into or between **your** accounts; and
- v. matters which may be deemed uninsurable under the law pursuant to

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which this policy shall be construed.

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X. Malicious code means an unauthorized corrupting or harmful piece of code. **Malicious code** includes, but is not limited to, computer viruses, "Trojan horses", "worms", and "time or logic bombs."

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Y. Named insured means the individual, entity, partnership, or corporation designated as such in Item 1 of the Declarations.

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Z. Over-redemption means coupons, price discounts, prizes, awards or any other valuable consideration given in excess of the total contracted or expected amount.

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AA. Policy period means the period commencing on the effective date shown in the Declarations and ending on the earlier of either the expiration date or the effective date of cancellation of this policy. If **you** become an **insured** under this policy after the effective date, the **policy period** begins on the date **you** became an **insured**.

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BB. Professional services means **Internet professional services**, **Internet technology services** and **Internet media services**.

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CC. Property damage means (1) physical injury to, loss or destruction of, tangible property including the resulting loss of use thereof, and/or (2) loss of use of tangible property which has not been physically injured or destroyed.

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DD. Public Key Infrastructure (PKI) means the policies, methods, equipment and procedures, including associated software, hardware and firmware, for establishing and managing a secure method for exchanging electronic information involving the use of certification authorities, digital certificates, digital signatures, public and/or private keys or any other similar type of technology however labeled.

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EE. Security means hardware, software or firmware whose function or purpose is to prevent a **computer attack**, **unauthorized access**, **unauthorized use**, disclosure of confidential or private information, or the transmission of **malicious code**. **Security** includes, without limitation, firewalls, filters, DMZ's, computer virus protection software, intrusion detection, the electronic use of passwords or similar identification of authorized users. **Security** also includes **your** specific written policies and procedures relating to the theft of a password or access code by non-electronic means.

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FF. Specified event means the actual or alleged incident of any of the following:

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(1) **unauthorized access**;

(2) **unauthorized use**;

(3) transmission of a **malicious code**; or

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(4) **denial of service**.

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GG. Subsidiary shall mean any corporation of which the **named insured** owns on or before the inception date of the **policy period** more than 50% of the issued and outstanding voting stock either directly or indirectly through a **subsidiary**.

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Subsidiary shall also mean any corporation which becomes a **subsidiary**

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during the **policy period** provided that such corporation does not represent more than a five percent (5%) increase in the total assets or gross revenue of the **named insured** as of the date of the acquisition. Where such corporation represents an increase in the total assets or gross revenue of the **named insured** of more than five percent (5%), such corporation shall be deemed a **subsidiary** under the policy, but only upon the condition that within 90 days of its becoming a **subsidiary**, **you** shall have provided **us** with full particulars of the new **subsidiary** and agreed to any additional premium and/or amendment of the provisions of this policy required by **us** relating to such new **subsidiary**, subject to the review and acceptance by **us** of full and complete underwriting information. Further, coverage as shall be afforded to the new **subsidiary** is conditioned upon the **named insured** paying when due any additional premium required by **us** relating to such new **subsidiary**. A corporation becomes a **subsidiary** when the **named insured** owns more than 50% of the issued and outstanding voting stock either directly or indirectly through one or more of its **subsidiaries**, and ceases to be a **subsidiary** at such time when the **named insured** ceases to own more than 50% of the issued and outstanding voting stock, either directly or indirectly through one or more of its **subsidiaries**.

This policy does not cover any **claim** against or **loss** of a **subsidiary**, or any partner, director, officer or employee thereof, for any **wrongful act** or **loss** that occurred when the **named insured** did not own more than 50% of the issued and outstanding voting stock of such **subsidiary**, either directly or indirectly through one or more of its other **subsidiaries**.

HH. Suit means a civil or criminal proceeding for monetary, non-monetary or injunctive relief which is commenced by service of a complaint or similar pleading or, in the case of a criminal proceeding, return of an indictment, information or similar document. **Suit** shall also include a binding arbitration proceeding in which **damages** are alleged and to which **you** must submit or do submit with **our** prior written consent.

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II. Trade secret means information that has been reduced to an electronic form, including a formula, compilation, pattern, program, device, method, process, or technique which:

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- (1) derives independent economic value, actual or potential, from not being generally known and not being readily ascertainable through proper means by other persons who can obtain economic advantage from its disclosure or use;
- (2) is the subject of **your** reasonable efforts to maintain its secrecy; and
- (3) is used, capable of being used, or intended to be used in commerce.

A **trade secret** does not include information that is the subject of a patent, copyright, trademark or service mark, or an application therefor.

JJ. Unauthorized access means the gaining of access to a **computer system** by an unauthorized person or persons or by an authorized person or persons in an unauthorized manner. **Unauthorized access** shall also include **computer**

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attacks.

KK. Unauthorized use means the use of a **computer system** by an unauthorized person or persons or an authorized person in an unauthorized manner. **Unauthorized use** shall also include **computer attacks.**

LL. Wrongful act(s) means:

With respect to coverage A (and with respect to coverage B when rendering or failure to render **professional services** to others), any actual or alleged breach of duty, neglect, act, error, misstatement, misleading statement, omission that results in:

- (1) any form of defamation or other tort related to disparagement or harm to character, including libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage or outrageous conduct;
- (2) an infringement of copyright, domain name, title, slogan, trademark, trade name, trade dress, mark or service name, or any form of improper deep-linking or framing; plagiarism, piracy or misappropriation of ideas under implied contract or other misappropriation of property rights, ideas or information; or
- (3) any form of invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion and commercial appropriation of name, persona or likeness.

With respect to coverage B only, any actual or alleged breach of duty, neglect, act, error, misstatement, misleading statement, omission in the rendering of or failure to render **professional services** to others, including a failure that results in or from a **specified event**. With respect to any coverage other than coverage B, the term **wrongful act** shall not include any actual or alleged breach of duty, neglect, act, error, misstatement, misleading statement, omission in the rendering of or failure to render any type of professional service (including but not limited to those **professional services** defined in III.BB).

With respect to coverage C only, any actual or alleged breach of duty, act, error or omission involving **your computer system** which results in:

- (1) **unauthorized use** or **unauthorized access** (including a **computer attack**);
- (2) disclosure of confidential or private information concerning **your** customer, client or other third party;
- (3) transmission of a **malicious code**; or
- (4) **denial of service.**

MM. You, your or insured means:

- (1) the **named insured**;
- (2) any **subsidiary** of the **named insured**, but only with respect to **wrongful acts** or **loss** which occur while it is a **subsidiary** and is otherwise covered by this policy;
- (3) any past, present or future officer, director, trustee or employee of the

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named insured or **subsidiary** thereof (and in the event the **named insured** is a partnership, limited liability partnership or limited liability company, then any general or managing partner, board of managers or principal thereof), but only while acting within the scope of their duties as such;

- (4) with respect to coverages A and B.(2) only, any agent or independent contractor, including distributors, licensees and sub-licensees, in their providing material for **Internet media** on behalf or at the direction of the **named insured**, but only in the event that and while an **insured** as defined in clauses (1) through (3) above is also claimed against;
- (5) any **leased worker**;
- (6) any entity scheduled by written endorsement to this policy whom the **named insured** is required by contract to add as an **insured** under this policy, but only for the **wrongful acts** of the **named insured**; and
- (7) when followed by the term "**computer system**," the meaning set forth in the definition of **your computer system**.

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NN. Your computer system means a computer system under the ownership, operation or control of the named insured or its subsidiaries.

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IV. EXCLUSIONS - CLAIMS AND LOSSES NOT COVERED

Under coverages A, B, C and D, we will not cover **claims or loss**:

A. resulting, in whole or in part, from any of the following:

- (1) fire, smoke, explosion, lightning, wind, 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, acts of terrorism (whether domestic or foreign) committed by a person or persons whether acting on their own behalf or on behalf of or in connection with any organization, 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 **your** operational control;

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B. alleging or arising out of 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;

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C. alleging or arising out of:

- (1) the purchase, sale, offer of or solicitation of an offer to purchase or sell securities;
- (2) any violation of any securities law, including provisions of the Securities Act of 1933, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law; or
- (3) any violation of the Organized Crime Control Act of 1970 (commonly known as "Racketeer Influenced And Corrupt Organizations Act" or "RICO"), as amended, or any regulation promulgated thereunder or any similar federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;

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D. alleging or arising out of infringement of patent;

E. alleging or arising out of **your** employment practices or any discrimination of 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;

F. alleging or arising out of antitrust violations, restraint of trade or unfair competition, including violations of any local, state or federal laws regulating the aforementioned conduct;

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G. alleging or arising out of misappropriation of any **trade secret**;

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H. for **bodily injury** or **property damage**;

I. alleging or arising out of the development, dissemination, issuance, management, implementation, operation, safekeeping and/or maintenance of **PKI**, where the **insured** acted in the actual or effective capacity of a certificate authority, certificate repository, validation authority or registration authority; or arising out of the theft of **PKI**;

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J. alleging or arising out of any claim, demand, **suit** or litigation prior to or pending as of the **first inception date**; or alleging or arising out of or relating to any fact, circumstance, situation or **wrongful act** alleged in such claim, demand, **suit** or litigation;

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Deleted: only, we will not cover **claims** or **loss**:

K. alleging or arising out of any liability or obligation under any contract or agreement, including any contract price, cost guarantee or cost estimate being exceeded; however, this exclusion does not apply to:

- (1) liability **you** would have in the absence of such contract or agreement, or
- (2) with respect to coverages A and B.(2), for liability **assumed under contract** for **Internet media** provided or disseminated by **you**;

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L. alleging or arising out of **over-redemption**;

M. against **you** that is brought by or on behalf of:

- (1) any **insured** except as one defined in section III. MM, (6);

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- (2) any business entity that is owned, managed or operated, directly or indirectly, in whole or in part, by **you**;
- (3) any parent company, **subsidiary**, successor or assignee of **yours**, or anyone affiliated with **you** or such business entity through common majority ownership or control; or
- (4) any independent contractor supplying material or services to **you**, but, as regards such independent contractor, only with respect to **claims** involving disputes over the ownership or exercise of rights in material or services supplied;

however, this exclusion shall not apply where the claimant **insured** asserts an otherwise covered **claim** arising out of the **named insured** rendering **professional services** for a fee to the claimant **insured** when such coverage is specifically granted by written endorsement attached hereto;

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N. alleging or arising out of:

- (1) the inaccurate, inadequate, or incomplete description of the price of goods, products or services or failure of goods, products or services to conform with an advertised quality or performance; or the intentional violation of **your privacy policy** (for the purposes of the foregoing, **privacy policy** means statements in written or electronic form regarding the collection, dissemination or treatment of information regarding customers, visitors to the **Internet** site, or other persons); or **your** cost guarantees, cost representations, contract price, or estimates of probable costs or cost estimates being exceeded; or,

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- (2) intentional misrepresentation in **advertising**, false **advertising**, unfair or deceptive business practices, including violations of any local, state or federal consumer protection or privacy laws; however, **we** will defend **claims** alleging any of the foregoing conduct until there is a judgment, final adjudication, adverse admission or finding of fact against **you** as to such conduct at which time **you** shall reimburse **us** for **claim expenses**; **we** will not cover any such **claim** to which **you** plead *nolo contendere* or no contest; provided, however, that this exclusion N.(2) shall not apply to any natural person **insured** if he or she did not know or have reason to know of, participate in or acquiesce to such aforementioned conduct, and he or she did not gain an advantage to which he or she was not entitled;

- O.** under coverages A and B only, alleging or arising out of a 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 **you** are not legally entitled; however, **we** will defend **claims** alleging any of the foregoing conduct, until there is a judgment, final adjudication, adverse admission or finding of fact against **you** as to such conduct, at which time **you** shall reimburse **us** for **claim expenses**; **we** will not cover any such **claim** to which **you** plead *nolo contendere* or no contest; however, this exclusion shall not apply to any natural person **insured** if he or she did not know or have reason to know of, participate in or acquiesce to such conduct, and he or she did not gain an advantage to which he or she was not entitled;

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- P.** against **you** that is brought by or on behalf of the Federal Trade Commission

("FTC"), Federal Communications Commission ("FCC") or any other federal, state or local government agency or ASCAP, SESAC, BMI or other licensing organizations in such entity's regulatory, quasi-regulatory or official capacity, functions or duties;

- Q. alleging or arising out of any breach of fiduciary duty, responsibility, or obligation in connection with any employee benefit or pension plan, including violation of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 ("ERISA") or amendments thereto, or similar statutory or common law of the United States of America or any state or jurisdiction therein;
- R. alleging or arising out of a **wrongful act(s)**, circumstances or events committed or occurring prior to the **first inception date** if on or before the **first inception date**, you knew or could have reasonably foreseen that such **wrongful act(s)**, circumstance or event could give rise to a **claim** against you or a **loss**;
- S. alleging or arising out of any circumstance or occurrence which have been notified to the **insurer** on, or is covered under, any other policy of insurance prior to the inception date of this policy; or alleging or arising out of the same **wrongful act** or series of continuous, repeated or related **wrongful acts** or alleging the same or similar facts, alleged or contained in any claim which has been reported, or any **wrongful act(s)** of which notice has been given, under any policy of which this policy is a renewal, replacement or succeeds in time;
- T. alleging or arising out of any otherwise covered **wrongful act** committed prior to the Retroactive Date or after the **last termination date**; provided, however, with respect to Coverage A and B.(2) only, if the **wrongful act** arises out of material which was initially disseminated or broadcast prior to the **first inception date**, and is disseminated or broadcast again after the **first inception date** and prior to the **last termination date**, then in such event, **our** maximum liability shall be limited to that portion of the total **loss** which the number of disseminations or broadcasts during the period of time on or after the **first inception date** and prior to the **last termination date** bears to the total number of disseminations or broadcasts upon which the **claim** is made.

Under coverages C and D only, we will not cover **claims** or **loss**:

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U. alleging or arising out of:

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(1) **your** failure to make back-up copies of any data, file or program at regular intervals;

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(2) any shortcoming in **your computer system** or loss which you knew about or ought reasonably to have known about prior to the inception of this policy; or

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(3) **your** failure to take reasonable steps, to use, design, maintain and upgrade **your security**;

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V. **V.** alleging or arising out of a failure in project planning, including, but not limited to, mistakes in determining capacity needs;

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W. alleging or arising out of the inability to use or lack of performance of software

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programs;

- (1) due to its expiration, cancellation, or withdrawal;
- (2) that have not yet been released from their development stage;
- (3) that have not passed all test runs or proven successful in applicable daily operations;
- (4) due to installing or failing to install a software patch; or
- (5) due to configuration problems;

X. alleging or arising out of any **loss** 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 (including **extortion damages and extortion monies**) which is not legally entitled if committed by any of **your**:

- (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) or independent contractors employed by you if your elected or appointed officer possessed, at any time, knowledge of any dishonest, fraudulent, malicious, or criminal acts committed by such employee or independent contractor that caused a direct loss to an insured or any other person;

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 <#> arising out of, or caused directly or indirectly by, the seizure, confiscation, nationalization, or destruction of **information assets** by order of any governmental or public authority; or¶
 <#> arising out of or caused by or resulting from wear and tear or gradual deterioration of your **information assets**. ¶

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however, under coverages C and D, this exclusion shall not apply to any natural person **insured** if he or she did not know or have reason to know of, participate in or acquiesce to such conduct, and he or she did not gain an advantage to which he or she was not entitled.

V. **LIMITS OF LIABILITY**

A. **General**

The aggregate limit of liability set forth in Item 3A of the Declarations of this policy is the most **we** will pay for **loss** under this policy regardless of the number of persons or entities covered by this policy; or claimants or **claims** brought; or coverages triggered.

THE MOST WE WILL PAY UNDER THIS POLICY FOR ALL COVERAGES COMBINED IS THE AMOUNT SET FORTH IN THE DECLARATIONS AS "Aggregate Limit of Liability (aggregate for all coverages combined)."

With respect to coverages A, B and C, **our** total liability for **loss** arising from any and all **claims** made against **you** alleging any **wrongful act** shall not exceed the applicable Sublimit of Liability set forth in Item 3B of the Declarations pertaining to each **wrongful act** or series of continuous, repeated or related **wrongful acts**." All **claims** arising from the same **wrongful act(s)** or series of continuous, repeated or related **wrongful acts** shall be treated as one **claim**.

With respect to coverage D, **our** total liability for all **loss** arising from any and all **extortion claims** made against **you** and reported to **us** during the **policy period** or the Extended Reporting Period, if applicable, by the same person, or

persons acting in concert, shall not exceed the applicable Sublimit of Liability set forth in Item 3B of the Declarations as applicable to "each **extortion claim** or series of continuous, repeated or related **extortion claims**." All **extortion claims** from the same person, or persons acting in concert, shall be treated as one **extortion claim**. In the event a **claim** relates to or arises from an **extortion claim**, then **our** total liability to loss for such **claim**, together with the **extortion claim**, shall not exceed the single highest applicable limit of liability set forth in Item 3B of the Declarations.

In the event a **claim** or **failure of security** is covered under more than one coverage, the single highest applicable Sublimit of Liability shall be **our** maximum limit of liability for such **claim** or **failure**.

With respect to coverages A, B and C, **our** total liability for all **loss** arising from all **claims**, in the aggregate, made against **you** shall not exceed the Limit of Liability set forth for each coverage in Item 3B of the Declarations as "aggregate".

With respect to coverage D, **our** total liability for all **loss** arising from all **extortion claims**, in the aggregate, made against **you** and reported to **us** during the **policy period** or the Extended Reporting Period, if applicable, shall not exceed the Limit of Liability set forth for each coverage in Item 3B of the Declarations as "aggregate".

The Limits of Liability and AIG netAdvantage **Liability** policy issued by **us** to the **named insured** in effect when the first such **wrongful act**, or the first such **extortion claim**, took place after the **first inception date** shall be the only Limit of Liability and the only policy which shall apply.

Damages, extortion monies, and claim expenses are all part of and subject to the applicable Limits of Liability.

Our duty to defend ends if **you** refuse to consent to a settlement of a claim or payment of **extortion monies** that **we** recommend and that the claimant or extortionist will accept, or if you violate any of the conditions set forth in section VII. B. **You** must then defend, investigate and/or settle the **claim** (including an extortion claim) at **your** own expense. As a consequence of **your** refusal, **our** liability for **loss** shall not be more than the **damages** contained in the amount for which **we** could have settled such **claim** had **you** consented, plus **claim expenses** incurred prior to the date of such refusal. Provided, however, this clause shall not apply to any settlement where the total incurred for **damages** and **claim expenses** does not exceed the Retention.

B. Multiple Liability Policies

Two or more policies may be issued by **us** and/or other AIG member companies to **you**. These policies may provide coverage for:

- (1) **claims** arising from the same **wrongful act(s)**, events or circumstances, or series of continuous, repeated or related **wrongful acts**, events or circumstances; or
- (2) **claims** for which persons or organizations covered in those policies are jointly and severally liable.

In such case, **we** will not be liable under this policy for an amount greater than the proportion of the **loss** that this policy's applicable limit of coverage bears

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With respect to coverage F, **our** total liability for all **loss** shall be \$50,000 in aggregate for any and all criminal reward events under this policy.¶
¶
With respect to coverage C, **our** total liability for all **crisis expenses** shall be \$50,000 in aggregate for any and all **crisis events** occurring during the **policy period**.

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to the total applicable limits of liability under all such policies. In addition, the total amount payable under all such policies combined shall not be greater than the highest applicable limit of liability among all such policies.

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VI. RETENTION

We will only pay for **loss** in excess of any applicable Retention amounts set forth in the Declarations.

With respect to coverages A, B, C and D the applicable Retention applies to each **claim** and **you** may not insure it. With respect to coverages A, B and C all **claims** arising from the same **wrongful act(s)** or series of continuous, repeated, or related **wrongful acts** shall be subject to one applicable Retention. With respect to coverage D, all **extortion claims** from the same person, or persons acting in concert, shall be treated as one **extortion claim**. Any **claim** which relates to or arises from an **extortion claim** shall, together with the **extortion claim**, be considered one **claim**.

The applicable Retention and AIG netAdvantage Liability policy issued by **us** to the **named insured** in effect when the first such **wrongful act** or first such **extortion claim** took place after the Retroactive Date, or **first inception date** shall be the only applicable Retention and only policy which applies.

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In **our** sole and absolute discretion, **we** may pay all or part of the applicable Retention in which case **you** agree to repay **us** immediately after **we** notify **you** of the payment. The applicable Retention shall first be applied to **loss** covered by this policy which is paid by **us** or by **you**, with **our** prior written consent.

VII. OTHER PROVISIONS AFFECTING COVERAGE

A. What You Must Do in the Event of a Claim or Loss

Before coverage will apply, **you** must notify **us** in writing of:

- (i) with respect to coverages B(1), C and D, any **claim** against **you** as soon as practicable within the **policy period** or Extended Reporting Period, if applicable;
- (ii) with respect to coverages A and B(2), any **claim** against **you** as soon as practicable;

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Such notice and all other information and documentation required to be provided under this policy in the event of a **claim** or **loss** should be directed to the following address:

AIG Technical Services, Inc.
Box 1000
New York, NY 10268

In addition, with respect to all coverages under this policy, **you** must also:

- (1) immediately record the specifics of any **claim** and the date **you** first received such **claim**;
- (2) immediately record the specifics of any **loss** or **failure of security** and the date **you** first became aware of such **loss** or **failure of security**;

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<#>with respect to coverage G, any **crisis event** as soon as practicable after the **crisis event** commences, but in no event later than the end of the **policy period** or Extended Reporting Period, if applicable.[¶]

- (3) take prompt steps to minimize the **loss** and take reasonable steps to prevent further **loss**;
- (4) at **our** request report such **loss** or **failure** of **security** to the FBI, CERT, ISAC or any other central reporting or investigative organization which **we** may designate;
- (5) upon **our** request, furnish to **us** any and all documentation within **your** possession; and
- (6) send **us** copies of all demands, suit papers, or other legal documents **you** receive, as soon as possible.

B. Your Assistance and Cooperation

You agree to provide **us** with any cooperation and assistance that we may request, including assisting **us** in:

- (1) any investigation of a **claim, loss**, or circumstance (including submission to an examination by **us** or **our** designee, under oath if required);
- (2) making settlements;
- (3) enforcing any legal rights **you** or **we** may have against anyone who may be liable to **you**;
- (4) attending depositions, hearings and trials;
- (5) securing and giving evidence, and obtaining the attendance of witnesses;
- (6) any inspection or survey conducted by **us** pursuant to section VII.R. of this policy; and
- (7) any investigation of any **extortion claim**, payment of any **extortion monies** that **we** deem to be reasonable and necessary to terminate or end the **extortion claim** and subsequent attempts, if any, by **us** to recovery part or all of such **extortion monies**.

You shall take such actions that, in **your** reasonable judgment, are deemed necessary and practicable to prevent or limit the dissemination of material that is erroneous, false, or untrue.

You will not admit any liability, assume any financial obligation or pay out any money without **our** prior consent. If **you** do, it will be at **your** own expense; provided, however, the foregoing shall not apply to a settlement pursuant to section II.C of this policy so long as **you** provide us written notice of such settlement as soon as practicable, but in no case later than thirty (30) days after such agreement in principle is reached.

In all events, **you** shall not take any action, or fail to take any required action, without **our** written consent, which prejudices **our** rights under this policy.

Solely with respect to **your Internet media services**, **your** rights under this policy shall not be prejudiced by **your** refusal, or the refusal of anyone for whose acts **you** are legally responsible, to reveal the identity of a confidential third party source in connection with a **claim** under this policy.

C. Where Coverage Applies

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 <#>What You Must Do in the Event of a Loss under Coverage E¶
 ¶
 In addition to the above, with respect to **loss** under coverage E, before coverage will apply, **you** must notify **us** in writing to the address shown above of **your loss** or of a circumstance that may result in a **loss** as soon practicable, but in all events either within the **policy period** of this policy, or the **policy period** of any policy issued by **us** or by any other AIG member company which immediately renews this policy (or any successive, uninterrupted renewal of that policy issued by **us** or by any other AIG member company), or Extended Reporting Period, if applicable, and also:¶
 <#> complete and sign a written, detailed and sworn proof of loss within ninety (90) days after the discovery of a **loss** (unless such period be extended by our written agreement) including a full description of such **loss** and the circumstances surrounding such **loss** including, without limitation, the time, place and cause of the **loss**, your interest and the interest of all others in the property, the sound value thereof and the amount of **loss** or damage thereto and all other insurance thereon. Proof of loss shall also include the underlying documents and materials of whatever media which reasonably relates to or forms a part of the basis of the **claim** for such **loss**; and ¶
 <#> upon our request, submit to an examination under oath.¶
 All adjusted **claims** shall be due and payable thirty (30) days after the presentation and written acceptance by **us** of satisfactory proof of loss to the address shown above.

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We cover wrongful acts that occur, **claims** that are brought, and **losses** suffered, anywhere in the world, unless prohibited by law.

D. Actions Against Us

No one can sue **us**, or commence alternative dispute resolution as provided by section VII.S of this policy, to recover under this policy unless there has been full compliance with all the terms of this policy.

Any person, organization or legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. **We** may not be impleaded by the **insured** or its legal representative in any legal action brought against the **insured** by any person or organization.

A person or organization may sue **us** to recover up to the Limits of Liability under this policy only after **your** liability has been decided by:

- (1) an arbitration award as a result of arbitration commenced in accordance with section VII.S of this policy;
- (2) a trial or appeal, after which a final judgment has been entered; or
- (3) a written agreement signed by **you, us** and the party making the **claim**.

E. Other Insurance

Except as otherwise stated to the contrary elsewhere in the policy, such insurance as is provided by this policy shall be excess of any other valid and collectible insurance available to **you**.

F. Subrogation

You may be able to recover all or part of a **claim** or a **loss** from someone other than **us**. **You** therefore must do all that is possible after a **claim** or **loss** to preserve any such right of recovery. If **we** make a payment under this policy, that right of recovery will belong to **us**. **You** will do whatever is necessary, including signing documents, to help **us** obtain that recovery.

G. Policy Changes

This policy contains all the agreements between **you** and **us** concerning this insurance. This policy can only be changed by a written endorsement **we** issue and make a part of this policy.

H. Assignment

You cannot assign or transfer any interest in this policy. If **you** die or are declared legally incompetent, **your** rights and duties will be transferred to **your** legal representative; but only while acting within the scope of his or her duties as such, and only with respect to **your wrongful acts** that took place prior to **your** death or incompetency.

I. Special Rights and Duties of Named Insured

You agree that when there is more than one person or organization covered under this policy, the **named insured** first listed in Item 1. of the Declarations

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shall act on behalf of all **insureds** as to:

- (1) giving and receiving notice of cancellation;
- (2) acceptance or refusal of any applicable Extended Reporting Period;
- (3) payment of premiums and receipt of return premiums; and
- (4) acceptance of any endorsements to this policy.

J. Cancellation

This policy may be canceled by the **named insured** by: (1) surrender of this policy, or (2) by giving written notice to **us** stating when thereafter such cancellation shall be effective. This policy may also be canceled by our delivering to the **named insured** by registered, certified, other first class mail or other reasonable delivery method, at the **named insured's** address set forth in the Declarations, written notice stating when, not less than ninety (90) days thereafter (ten (10) days in the event of cancellation for non-payment of premium), the cancellation shall be effective. Proof of mailing or delivery of such notice as aforesaid shall be sufficient proof of notice and this policy shall be deemed canceled as to all **insureds** at the date and hour specified in such notice. If this policy shall be canceled by the **named insured**, we shall retain the customary short rate proportion of the premium therein. If the policy is canceled by **us**, **we** shall retain the pro rata proportion of the premium therein. Payment or tender of the unearned premium by **us** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable. If the period of limitation relating to the giving of notice for cancellation, as set forth above, is less than the period set forth in any law controlling construction thereof, the period set forth above shall be deemed to be amended so as to equal the minimum period of limitation set forth in such controlling law.

K. Extended Reporting Provisions

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(1) **Automatic Extended Reporting Period**

If **we** or **named insured** shall cancel or refuse to renew this policy, the **named insured** shall have the right following the effective date of such cancellation or nonrenewal to a period of sixty (60) days (herein referred to as the Automatic Extended Reporting Period) in which to give written notice to **us** of **claims** first made against **you** during the Automatic Extended Reporting Period for any **wrongful act** occurring prior to the end of the **policy period** and otherwise covered by this policy.

The Automatic Extended Reporting Period shall not apply to **claims** that are covered under any subsequent insurance **you** purchase or that is purchased for **your** benefit, or that would be covered, but for the exhaustion of the amount of insurance applicable to such **claims** or that is within any applicable Retention or Retentions.

(2) **Optional Extended Reporting Period**

If **we** or **named insured** shall cancel or refuse to renew this policy, the **named insured** shall have the right, upon payment of an additional premium of up to seventy-five percent (75%) of the full annual premium

to a period of up to one (1) year or up to two hundred percent (200%) of the full annual premium to a period of up to three (3) years, following the effective date of such cancellation or nonrenewal (herein referred to as the Optional Extended Reporting Period) in which to give written notice to **us** of **claims** first made against **you** during the Optional Extended Reporting Period for any **wrongful act** occurring prior to the end of the **policy period** and otherwise covered by this policy.

The Extended Reporting Periods provided pursuant to 1. and 2. above, do not apply to coverages A. and B.(2).

The rights contained in this clause shall terminate unless the **named insured** provides written notice of such election together with the additional premium due to **us** within thirty (30) days of the effective date of cancellation or non-renewal. The additional premium for the Optional Extended Reporting Period shall be deemed fully earned at the inception of the Optional Extended Reporting Period. The Optional Extended Reporting Period is not cancelable. This clause and the rights contained herein shall not apply to any cancellation resulting from non-payment of premium. **Our** offer of renewal terms, conditions, limits of liability and/or premiums different from those of the expiring policy shall not constitute a refusal to renew.

As used herein, "full annual premium" means the premium level in effect immediately prior to the end of the **policy period**.

The aggregate limit of liability for any Extended Reporting Period (including any Automatic Extended Reporting Period and Optional Extended Reporting Period) shall be part of, and not in addition to, the aggregate limit of liability for the **policy period**.

If the **named insured** exercises its right to purchase an Optional Extended Reporting Period, the Automatic Extended Reporting Period shall not apply.

L. Notice of Circumstance

Under coverages B.(1) and C, if during the **policy period** or the Extended Reporting Period, if applicable, **you** become aware of any facts or circumstances that may reasonably be expected to give rise to a **claim** against **you** for a **wrongful act** that occurs prior to the end of the **policy period**, and provided **you** give written notice to **us** during the **policy period** or the Extended Reporting Period, if applicable, of the circumstances and the reasons for anticipating such a **claim**, with full particulars as to the **wrongful act(s)**, dates, persons and entities involved, then any **claim** that is subsequently made against **you** arising out of such **wrongful act** or the same **wrongful act(s)** or series of continuous, repeated or related **wrongful acts**, shall, for the purposes of this policy, be treated as a **claim** made against **you** and reported to **us** during the **policy period**.

M. Organizational Changes

If during the **policy period**:

- (1) the **named insured** merges into or consolidates with another entity

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(3) Coverage E Extended Reporting Period¶
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- such that the **named insured** is not the surviving entity; or
- (2) another entity, person, or group of entities and/or persons acting in concert acquires:
- (i) ownership interests representing more than 50% of the voting, appointment or designation power for the selection of, or
 - (ii) the right, pursuant to written contract or **your** by-laws, charter, operating agreement or similar documents, to elect, appoint or designate,
- a majority of **your**: board of directors of a corporation; management committee members of a joint venture; or members of the management board of a limited liability company;

then coverage shall continue until the later of the termination of the **policy period** or such other date to which **we** may agree, but only with respect to **loss** or **claims** for **wrongful acts** occurring prior to **your** organizational change and otherwise covered by this policy. No coverage shall be provided unless **you** notify **us** in writing no later than (30) days after the effective time of such organizational change.

N. Titles of Paragraphs

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The titles of the various 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.

O. Declarations

By accepting this policy, **you** agree that the statements in the application(s), security assessments and Declarations are true, and that they are **your** agreements, statements and representations. For the purposes of the foregoing, the term "application" includes all statements, representations and attachments made or prepared by **you** with respect to any security assessment, whether on-line or off-line, conducted in connection with or involving a request for insurance under this policy.

This policy is issued in reliance upon the truth of those representations.

P. Bankruptcy

You or **your** estate's bankruptcy or insolvency does not relieve **us** of **our** obligations under this policy.

Q. Premium Audit

We will compute all premiums for this insurance in accordance with our rules and rates. The premium set forth in the Declarations are deemed to be estimated and subject to audit and inspection.

R. Inspection and appraisal rights

We may make audits, inspections or surveys at any time, and **we** may give you reports on the conditions **we** find, and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability, terms, conditions, and the premiums to be charged; such inspections, surveys, reports or recommendations will be treated as confidential by **you**. **We** do not make safety inspections or undertake to perform the duty of any person or organization to provide for the safety of workers or the public. **We** do not warrant conditions or warrant that conditions comply with laws, regulations, codes, or standards. **We** do not warrant the effectiveness of any security applicable to **your computer system**. This paragraph applies not only to **us**, but also to any outside consultant who makes inspections, surveys, reports, or recommendations for the purpose of underwriting and offering insurance.

S. Alternative Dispute Resolution

Any controversy arising out of or relating to this policy or its breach shall first be submitted to alternative dispute resolution ("ADR") in accordance with the rules of the American Arbitration Association or the Defense Research Institute. The ADR shall be held in New York, New York unless otherwise agreed to by both parties. Each party shall jointly and equally bear with the other party the expense of the alternative dispute resolution. Either **we** or **you** may elect the type of ADR, either non-binding mediation or binding arbitration. However, **you** shall have the right to reject **our** choice of the type of ADR process at any time prior to its commencement, in which case **your** choice of the type of ADR process shall control.

T. Service of Suit

Subject to paragraph S. of this section, it is agreed that in the event of failure of the **insurer** to pay any amount claimed to be due hereunder, the **insurer**, at the request of the **insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes, or should be understood to constitute, a waiver of the **insurer's** rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Legal Department, American International Specialty Lines Insurance Company, 70 Pine Street New York, NY 10270, or his or her representative, and that in any suit instituted against the **insurer** upon this contract, the **insurer** will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the **insurer** hereby designates the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the **insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above-named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy

thereof.

SPECIMEN

Internet business interruption means the actual **loss you** sustain during the **period of recovery** due to the disruption, interruption, delay, or suspension of **your** ability to conduct **your** business on the **Internet** as a result of a **failure**. The actual **loss** sustained shall be the net profit (or loss) before income taxes that would have been earned or incurred from **your** business on the **Internet** had no **failure** occurred and all reasonable and necessary charges and expenses, including **ordinary payroll**, that would have been so earned or incurred had no **failure** occurred.

Internet business interruption also includes such net income (net profit before income taxes, plus reasonable and necessary continuing expenses) attributable to royalties, prototypes, project research, and development documentation. In the event that at the time of **loss you** are in a net loss position before income taxes, we will determine the extent to which the continuing fixed charges and expenses, including **ordinary payroll**, would have been earned by subtracting the net loss from the reasonable and necessary charges and expenses that necessarily will continue. **Internet business interruption** will be calculated on an hourly basis.

Internet business interruption shall also include **extended Internet business interruption**. **Extended Internet business interruption** shall mean the amount of **Internet business interruption you** sustain during the period which begins on the date **you** resume **your** normal ability to conduct **your** business on the **Internet** and ends on the earlier of: (1) the date **you** could restore **your** operations with reasonable speed to the level which would generate the **Internet business interruption** amount that would have existed if the covered **loss** had not occurred or (2) ninety (90) consecutive days after the date **you** resume **your** normal ability to conduct **your** business on the **Internet**. **Extended Internet business interruption** will only apply to the extent there is a payable **Internet business interruption loss** which exceeds the applicable retention. Also, **extended Internet business interruption** does not apply to **loss** incurred as a result of an unfavorable business condition.

Internet business interruption shall also include **dependent business interruption**. **Dependent business interruption** shall mean the amount of **Internet business interruption you** sustain which arises from the inability of a **computer system's security**, belonging to a business that **you** do not own, operate or control but which **you** depend on to conduct **your** business on the **Internet**, to prevent **unauthorized access**, **unauthorized use** or the transmission of a **malicious code**.

We shall reduce the amount of **your Internet business interruption**, other than **Internet extra expense**, to the extent **you** are able to conduct **your** business on the **Internet** and/or replace such lost business through **your** non-internet channels, in whole or in part.

Internet extra expense means the amount reasonably and necessarily incurred by **you** during the **period of recovery** that is over and above the total cost that reasonably and necessarily would have been incurred to conduct **your** business on the **Internet** had no **failure** occurred. We shall reduce **Internet extra expense** to the extent that **you** can resume **your** normal ability to conduct business on the **Internet** and discontinue such **Internet extra expense**. If **you** do not resume **your** normal ability to conduct business on the **Internet** as quickly as possible **we** will pay **Internet extra expense** based on the length of time as would be required with the exercise of due diligence and dispatch to resume **your** normal ability to conduct business on the **Internet**.