QBE Cyber Insurance
Cyber and Data Security Insurance Policy

Notice of Change

Significant Policy Changes

Your policy wording has been reissued in order to update, modernise and clarify the cover which is provided. This document summarises the key changes from your previous policy.

This document does not set out all the changes from your previous policy. Furthermore, it does not contain the full terms and conditions of the cover provided, which can be found in the policy documentation. It is important that you read your policy in full.

Please note that this summary will not reflect any variations or modifications to the policy which are specific to you – these will be confirmed by the schedule attaching to your policy.

Current – new version changes to your policy – PCYS020123

Section 2: Insuring Agreements

- The following language has been removed from clauses 2.1 and 2.2:

  "Where the schedule states that defence costs are payable in addition to the limit of indemnity we will indemnify you for defence costs, provided that if the limit of indemnity is exhausted by the payment or settlement of any claim or loss our liability to pay defence costs in respect of that claim or loss shall be limited to such proportion of those defence costs as the limit of indemnity available for payment or settlement of that claim or loss bears to the total payment (including where applicable claimants' costs) required to dispose of that claim or loss."

- The sub-limit has been expressly set out in the policy wording for the following clauses:
  - Clause 2.3 (financial transfer indemnification)
  - Clause 2.4 (loss of or damage to documents)
  - Clause 2.5 (withdrawal of content)

- Clause 2.7 (data breach notification costs) – our prior written consent now needs to be obtained before data breach notification costs incurred.

- Clause 2.9 (regulatory defence and penalty costs) has been amended to require our prior written consent.

- Clauses 2.10 (public relations costs cover) and 2.11 (forensics costs cover) have been amended to require the use of our cyber and data security representative.

- Clause 2.12 (credit monitoring costs) has been amended to provide cover for the costs of offering credit monitoring or identify theft services for those affected by a breach of privacy. Previously, this provided cover for where it is offered to comply with data protection law following a breach of data protection law.

- Clause 2.13 (Cyber extortion) (iii) has been amended to withdraw the requirement for our written consent prior to paying a ransom and amended to the following:

*"**you** can demonstrate to **our** reasonable satisfaction that the payment of such **ransom** is reasonable and necessary."*

- Clause 2.16 (PCI DSS Costs Cover) has been redrafted to reflect underwriting intention and aid clarity:

PCI DSS Costs
*subject to **you** obtaining **our** prior written consent, and to the extent insurable by law pay costs **you** incur for a **claim** and **defence costs** first made against **you** by a **Payment Card Entity**, or a party to whom **you** are liable for the **claim** arising from a **breach of privacy** during the **period of insurance** for:*

*(i) a **PCI forensic consultant** to investigate any suspected or actual non- compliance with the **PCI DSS** if required by a **Payment Card Entity**;*

*(ii) the costs of **PCI DSS** recertification;*

*(iii) any liability to a **Payment Card Entity** for its costs of re-issuing credit, debit or pre-funded cards due to your breach of **PCI DSS**;*

*(iv) any costs or penalties imposed by the **Payment Card Entity** on you.*

***Our** liability under this clause 2.16 shall not exceed GBP 50,000 any one claim and in the aggregate, such **sub-limit** being part of and not in addition to the **limit of liability**.*

Section 3: Exclusions

- The following exclusions have been removed:

Excess
any amount falling within the excess as stated in the schedule.

If the excess is stated as a temporal period then the amount so deducted shall represent the monetary amount lost in relation to the first period stated in the schedule, commencing from the time you begin to incur the insured loss to which the excess applies.

The excess applies in respect of any one claim, circumstance or any one occurrence (as stated in the schedule), potential claim or potential occurrence, including defence costs (but not adjusters' fees), as ascertained after the application of all other terms and conditions of this policy.

Where, in respect of any one section of the policy, more than one excess could be applied to a claim, circumstance, occurrence or other matter notified to us, only one excess, the highest excess, will be applied.

Financial services
Regulated Activities as defined in the Financial Services and Markets Act 2000 and associated, amending and successor legislation or the equivalent in another jurisdiction or any insurance mediation activities required to be authorised and regulated by the Financial Conduct Authority or Prudential Regulatory Authority or any of their predecessors or successors in any applicable equivalent territory.

Legal advice
failure by you to adhere to legal advice with regard to clearances or dissemination of media content.

Loss of goodwill
loss of goodwill and reputational harm, other than those claims covered under the 'Public relations costs' section.

Reports and accounts
breach of any obligation owed by you regarding any statement or representation (express or implied) contained in your report and accounts, reports or financial statements, or concerning your financial viability.

Territorial limit
act or alleged act committed outside the territorial limit and/or from any claim first brought in a court outside the jurisdiction.

Wear and tear
wear and tear of information and communication assets including depreciation and obsolescence.

- The "War and Terrorism" exclusion has been replaced with the following:

WAR AND CYBER OPERATION

(i) loss, damage, liability, cost or expense of any kind (together "loss") resulting:
*a. directly or indirectly from **war**;*
*b. from a **cyber operation** that is carried out as part of a **war**; or*
*c. from a **cyber operation** that causes a sovereign state to become an **impacted state**.*
notwithstanding any provision to the contrary in this insurance.

*Provided, however, clause 3.34(i)(c) shall not apply to the direct or indirect effect of a **cyber operation** on **computer systems** used by the **insured** or its third party service providers that is not physically located in an **impacted state** but is affected by a **cyber operation**.*

*(ii) In determining attribution of a **cyber operation**, the **insured** and **insurer** shall have regard to whether the government of the **impacted state** formally or officially attributes the **cyber operation** to another sovereign state or those acting at its direction or under its control.*

*In the absence of attribution by the **impacted state**, the **insurer** may rely upon a reasonable inference as to attribution of the **cyber operation** to another sovereign state or those acting at its direction or under its control having regard to such evidence as is available to the **insurer**.*

*In the event that the government of the **impacted state** either takes an unreasonable length of time to, or does not, or is unable to attribute the **cyber operation** to another sovereign state or those acting at its direction or under its control, it shall be for the **insurer** to prove attribution by reference to such other evidence as is available.*

The following definition applies for the purposes of this exclusion only:

Computer system

any computer, hardware, software, communications system, electronic device (including but not limited to, smart phone, laptop, tablet, or wearable device), server, cloud infrastructure or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

TERRORISM

***bodily injury**, damage, **claim**, loss, liability, expenses, costs or **defence costs** of whatsoever nature caused by **terrorism**. Any unlawful act of a third party resulting in a **breach of network security** shall not be regarded as act of **terrorism**.*

Section 4: How to claim

- The following clause has been included:

DUTY TO DEFEND	*4.4*	*It shall be **your** duty to defend any **claim**. **We** shall have the right and be given the opportunity to participate with **you** in the defence and settlement of any **claim** that appears likely to involve **us**.*

- The following clause has been removed, however no material change to the cover has been made as a result:

13.7	***Our rights***
13.7.1	***We** may by notice to **you** require **you** to reimburse **us** for payments made by **us** under the **policy** to the extent that such payments are made within the **excess**.*

Section 5: General Conditions

- The following general conditions have been added:

LATE PAYMENT OF CLAIMS	*5.10*	***We** shall, pursuant to section 13A of the Insurance Act 2015, pay any sum due in respect of a valid claim within a reasonable time (which includes a reasonable time to investigate and assess the claim).*

- The following general conditions have been removed to reflect underwriting intention:
  - Dispute resolution – mediation
  - Document management
  - Exchange rate
  - Insurance Act 2015
  - Records
  - Representation
  - Severability

- The following general conditions have been amended:

- Clause 5.3(ii) – Cancellation has been amended to aid clarity, with no material change.
- Clause 5.11 - Limits of liability and excess – the following language has been removed:

  *"where a **limit of indemnity** or **sub-limit** is stated in the **schedule** to apply to any one occurrence, any one claim, any one prosecution, any one premises, each and every **claim** or series of **claims** or similar term that limit is subject to the multiple and related **claims** (aggregation) clause and/or terms in specific **sections** which determine how the limits apply to multiple **claims**)".*

Section 8: Definitions

- The following definitions have been removed as they are no longer required:
  - Contamination
  - Jurisdiction
  - Property Damage
  - United Kingdom

- "Information and Communication Assets" has been redefined as "Computer System", with no change to the definition itself.

- The following definitions have been added:
  - Cyber Operation
  - Essential Service
  - Impacted State
  - Payment Card Entity
  - PCI DSS
  - PCI Forensic Consultant
  - Waiting Period
  - War

- The following definitions have been amended as follows:

DIRECTOR OR OFFICER	*any natural person who is, was or during the **policy period** becomes **your** director or officer (as determined by the applicable law of the jurisdiction in which **you** are domiciled) including the functional equivalents such as members of the executive or supervisory board of directors.*
EXCESS	*the amount as specified in the **schedule**.*
PERIOD OF REINSTATEMENT	*the period after the **waiting period** commencing on the total or partial interruption, degradation in service, or failure of **computer systems**, and ending on either:* *(i) the date on which the **business income** loss ends (or could have been, had **you** acted reasonably expeditiously to restore the business), up to a maximum of 30 days after from the time when **we** are satisfied that **computer systems** are repaired, restored and/or replaced (or could have been) to the same equivalent standard, condition, functionality, level of service and/or with the same content, or as near as reasonably possible as immediately before the total or partial interruption,*

*material degradation in service, or failure of **computer systems** began; or*

(ii) one hundred and twenty (120) days;

whichever is sooner.

SUBSIDIARY

any entity during any time in which you, directly or through one or more subsidiary(ies):

(i) owns more than fifty percent (50%) of the issued and outstanding share capital,

(ii) controls more than fifty percent (50%) of the voting rights, or

(iii) controls the right to vote for the election or removal of such entity's directors.

Any such entity shall only be covered by this policy for that part of the period of insurance when it was a subsidiary.

As with all aspects of the standard policy cover it is generally possible to negotiate extensions of cover with the underwriter.

QBE European Operations