



REPUTATIONAL HARM INSURANCE POLICY

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Beazley Claims Service

Delivering great claims service is one of Beazley's top priorities. Our Claims Service Standards highlight what our stakeholders can expect when working with our Claims Team – expertise, responsiveness, partnership, fairness, and accountability. Please visit www.beazley.com to read more about our Claims Service Standards under Our Approach to Claims.

DECLARATIONS

Policy Number

Named Insured Name:
Address:

Policy Period From:
To:

Both days 12.01 a.m. Local Time at the Principal Address specified above

Policy Limits USD in the aggregate during the **policy period**, except where sub-limited below

USD 1,000,000 in the aggregate during the **policy period** for all **crisis costs**

USD 250,000 in the aggregate during the **policy period** for all **pre-loss crisis costs**

Retention USD each notification made under this Policy and all **related notifications**

No Retention applies to **pre-loss crisis costs**

Premium USD (annual) plus applicable taxes

Reduction in Revenue Percentage

Agreed Profit Margin Percentage

Allocation Percentage

Notice to the Insurer

Notification under Insuring Clause 1. Response Costs Coverage

Notification under Insuring Clause 2. Reputational Harm Coverage

Beazley Claims Department
30 Batterson Park Road
Farmington, CT 06032
Tel: (860) 677-3700



Fax: (860) 679-0247

or

claims@beazley.com

Service of Suit

NOTICE: THIS POLICY PROVIDES COVERAGE ON A FIRST PARTY BASIS. PLEASE REVIEW THE COVERAGE PROVIDED UNDER THIS POLICY CAREFULLY AND DISCUSS WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of, or agreement to pay, the premium and subject to all the provisions of this Policy:

A. INSURING CLAUSES

1. Pre-Loss Crisis Costs Coverage

The **insurer**, at its sole discretion, may pay **pre-loss crisis costs** arising from a notification which has been made to the **insurer** during the **policy period** pursuant to C.1.

2. Reputational Harm Coverage

The **insurer** will pay **loss** and/or **crisis costs** arising from a notification which has been made to the **insurer** during the **policy period** pursuant to C.1., provided that:

- (a) the act, incident or event described in such notification gives rises to **reputational harm**, and
- (b) the **insured organization** suffers a **reduction in revenue**, and
- (c) it is established to the **insurer's** satisfaction that there is a causal link between the **reputational harm** and such **reduction in revenue**.

B. EXCLUSIONS

The **insurer** will not be liable to make any payment under this Policy for **pre-loss crisis costs**, **loss** or **crisis costs** arising from:

1. Anti-Competition and Anti-Money Laundering

any actual or alleged breach or infringement by the **insured organization**, or by any of the **insured organization's** directors, officers and employees, of any relevant anti-competition, anti-money laundering and international economic or financial sanctions legislation of any jurisdiction to which the **insured organization's** trade, business or operations may be subject.

2. Cyber

- (a) the theft, loss or unauthorized disclosure of information or data that is in the care, custody or control of the **Insured Organization** or a third party for whose theft, loss or unauthorized disclosure of information or data the **Insured Organization** is legally responsible;

- (b) (i) the unauthorised access or use of the **Insured Organization's** computer systems;
 - (ii) a denial-of-service attack or any disabling action against any computer system; or
 - (iii) the infection of the **Insured Organization's** computer systems by malicious code or other malware, or transmission of malicious code or other malware, from the **Insured Organization's** computer systems,
- whether any of the foregoing is a specifically targeted attack or a general distributed attack; or
- (c) the **Insured Organization's** actual or alleged failure to comply with, or violation of, any law or regulation requiring the **Insured Organization** to protect the confidentiality and/or security of any information or data.

3. Deliberate Fraudulent and Deliberate Criminal Acts or Omissions

any deliberate fraudulent or deliberate criminal act or omission by the chief executive officer, chief financial officer or general counsel of the **named insured** as determined by a final non-appealable adjudication.

4. Formal Business and Corporate Strategy

the failure or non-performance of any business or corporate strategy that has been expressly considered at the **insured organization's** senior executive level, executive management committee level or any functional equivalent level, including, but not limited to, matters involving product development, product or service pricing strategies, executive board changes, tax mitigation, relocation of operations, market penetration and mergers and acquisitions.

5. Loss of Authority or License

the **insured organization's** loss of its license, or other legal or regulatory authority, to carry on any part of its business.

6. Loss of Revenue Stream

a loss of revenue stream, including but not limited to loss of a particular contract or team, except for the portion of the loss of revenue stream resulting directly from **reputational harm**.

7. Macro-Economic Factors

variations in rate of exchange or of interest, or stability of any currency, or any contraction of gross domestic product.

8. Prior Notice

any claim, loss, act, incident or event of which notice has been provided and accepted under any prior policy of which this Policy is a renewal or replacement.

9. Product Recall

the withdrawal, recall, inspection, repair, replacement, removal or disposal of the **insured organization's** product if such product is withdrawn or recalled from the market, or from use by any person or organization, because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it.

10. Systemic Failure, Deficiency or Practice

any **reputational harm**, the circumstances, causes, events, or results of which are not solely confined to the **insured organization's** own trade, business or operations but represent a systemic failure, deficiency or practice involving multiple corporations, businesses, industries, or products, whether similar to those of the **insured organization** or not.

C. LOSS, CRISIS COSTS AND PRE-LOSS CRISIS COSTS PROVISIONS

1. Notification

(a) Act, Incident or Event

The risk manager, general counsel, chief executive officer or chief financial officer or equivalent of the **named insured** may, during the **policy period**, give to the **insurer** notice of an act, incident or event that they believe gives rise or may give rise to a **reduction in revenue** and/or **reputational harm**.

Notice must include the reasons why such person reasonably anticipates that act, incident or event gives rise or may give rise to a **reduction in revenue** and/or **reputational harm** and, where available, full particulars of the dates, acts, incidents or events, and persons involved.

(b) Related Notifications

All **related notifications** are considered a single notification to the **insurer** for the purposes of this Policy, irrespective of the number of times the **insured organization** suffers a **reduction in revenue**. All **related notifications** are deemed to have been notified at the time of the first such notification has been made to the **insurer**.

(c) Notice to the insurer

All notices must be sent either by e-mail or certified mail to the address shown in the Declarations.

2. Strategy Cooperation

If the **insurer** recommends any strategy to the **insured organization** to mitigate or minimize any actual or potential **reputational harm** but the **insured organization** instead elects to follow its own course, then coverage under this Policy will cease for

any subsequent **pre-loss crisis costs** and/or **crisis costs** incurred after the date the **insured organization** elected to follow its own course and not the recommended strategy of the **insurer**.

3. Proof of Loss

The **insured organization** will provide a signed and sworn proof of **loss** that includes documentation of the **reputational harm** and the **reduction in revenue** to the reasonable satisfaction of the **insurer**.

4. Disputes concerning Causal Link and/or Calculation of a Reduction in Revenue

In the event:

(a) the **insurer** is not satisfied that there is a causal link between the **reputational harm** and the **reduction in revenue**, and/or

(b) there is a dispute concerning the calculation of a **reduction in revenue**,

the **insured organization** may request, within three months from the date the **insurer** advises the **insured organization** of such or the date the **reduction in revenue** is first disputed, that a forensic accountant solely determines whether there is a causal link between the **reputational harm** and the **reduction in revenue**, and/or whether there has been a **reduction in revenue**.

The decision of the forensic accountant will be binding upon both the **insured organization** and the **insurer**.

The selection of the forensic accountant will be mutually agreed, and the cost borne equally, by the **insured organization** and the **insurer**. Such costs will not erode the Retention or the Policy Limits.

5. Loss Calculation

loss is calculated as follows:

(a) **expected revenue**, less

(b) **actual revenue**, multiplied by

(c) the agreed profit margin percentage specified in the Declarations, less

(d) any amounts covered under any other insurance (including any insurance that provides business interruption coverage), multiplied by

(e) the allocation percentage specified in the Declarations which has been pre-determined by both the **named insured** and the **insurer** at the effective date of this Policy, to represent the portion of the **reduction in revenue** that is deemed to have resulted from **reputational harm**.

loss will be recalculated in accordance with the foregoing, at six, nine and twelve months only after the **insured organization** first suffered a **reduction in revenue** until

such time as (i) the **insured organization** no longer has a **reduction in revenue** due to **reputational harm**, (ii) a period of twelve months after the date the **Insured Organization** first suffered a **reduction in revenue** has passed, or (iii) the Policy Limits is exhausted, whichever happens first.

6. Payment of pre-loss crisis costs, loss and crisis costs

The **insurer** will pay **pre-loss crisis costs** on an intermittent basis following presentation of supporting documentation, but no less than once every two months, until such time as (i) a period of twelve months after the date the **insured organization** first makes a notification to **insurer** under this Policy, or (ii) the sub-limit is exhausted, whichever happens first.

The **insurer** will pay **crisis costs** on an intermittent basis following presentation of supporting documentation but no less than once every two months, until such time as (i) the **insured organization** no longer has a **reduction in revenue** due to **reputational harm**, (ii) a period of twelve months after the date the **insured organization** first suffered a **reduction in revenue** has passed, or (iii) the sub-limit is exhausted, whichever happens first.

After presentation to and acceptance of the proof of **loss** by the **insurer**, and subject always to the provisions, terms and conditions of this Policy including satisfaction of any applicable Retention, the **insurer** will pay **loss** once every three months

7. Assistance and Cooperation

The **insurer** will have the right to make any investigation it deems necessary and the **insured organization** will cooperate with the **insurer** in all investigations regarding the coverage under this Policy.

The **insured organization** will forward to the **insurer**, every correspondence, report, or notification of **reputational harm** as soon as practicable after they are received, including all associated documents and any other written evidence of the **reputational harm**, and consult with the **insurer** regarding the response to any such correspondence, report or notification.

The **insured organization** will execute, or cause to be executed, all papers and render all assistance as is requested by the **insurer**. The **insured organization** agrees not to knowingly take any action which in any way increases the **insurer's** exposure under this Policy.

Any expenses incurred by the **insured organization** in assisting and cooperating with the **insurer** do not constitute **costs** recoverable under this Policy.

8. Subrogation and Recoveries

If any payment is made under this Policy, the **insured organization** will transfer its rights of recovery against any third party to the **insurer**. The **insured organization** will execute all papers required and will do everything that may be necessary to secure and preserve such rights including the execution of such documents as are necessary to enable the

insurer effectively to bring suit in its name, and will provide all other assistance and cooperation which the **insurer** may reasonably require.

9. Action against the insurer

No action will lie against the **insurer** unless, as a condition precedent thereto, the **insured organization** shall have fully complied with all of the terms of this Policy.

D. GENERAL CONDITIONS

1. Policy Limits

The Policy Limit specified in the Declarations is the maximum amount payable by the **insurer** for all **pre-loss crisis costs, loss and crisis costs** under this Policy.

Any **pre-Loss crisis costs, loss and crisis costs** paid by the **insurer** under this Policy will reduce the Policy Limits.

Where any sub-limit is specified in this Policy or the Declarations, the **insurer** will have no liability in excess of such sub-limit. Any sub-limit will be part of, and not in addition to, the Policy Limits.

2. Retention

The **insurer** will be liable to pay **loss and crisis costs** in excess of the amount of the Retention specified in the Declarations up to the Policy Limits or sub-limit.

No Retention will apply to **pre-loss crisis costs**.

3. Non-Accumulation of Limits

If a notification has been made under this Policy and is also notified under any other coverage or policy of insurance issued by the **insurer** or any of its affiliates, then the **insurer's** maximum aggregate Limit under both this Policy and such coverage or policy of insurance for all **pre-loss crisis costs, loss and crisis costs** will not exceed the greater of:

- (a) the applicable maximum aggregate Policy Limit of this Policy; or
- (b) the maximum aggregate limit of liability under any such other coverage or policy.

4. Consolidations, Mergers and Acquisitions

If during the **policy period** the **insured organization** consolidates or merges with or is acquired by another entity, or sells substantially all of its assets to any other entity, then all coverage under this Policy will terminate at the date of the consolidation, merger or acquisition. The **insurer** will retain the pro rata proportion of the premium hereon, unless a notification has been made to the **insurer** in accordance with the terms of this Policy, in which event the premium will be deemed fully earned as at the date of the consolidation, merger or acquisition.

5. Cancellation

(a) By the **named insured**

If the **insured organization** has not made a notification under this Policy, the **named insured** may cancel this Policy by giving the **insurer** 30 days written notice. In such event the **insurer** will give the **named insured** a pro-rata refund of the premium for the remaining portion of the **policy period** after the expiration of the notice period for cancellation.

(b) By the **insurer**

The **insurer** will have the right to cancel this Policy, with effect from inception, if the premium has not been paid to the **insurer** within 30 days of the inception of the **policy period** or, where premium is due to be paid by instalments, by the date on which an instalment is due.

The **insurer** will provide in writing 10 days notice of cancellation to the **named insured** or via the **named insured's** insurance broker.

If the premium is paid in full to the **insurer** before the 10 day notice period expires, notice of cancellation will automatically be revoked.

6. Authorization

The **named insured** will be considered the agent of the **insured organization**. This means that the **named insured**:

- (a) will act on behalf of the **insured organization** with respect to the giving of or receipt of all notices pertaining to this Policy, and
- (b) will accept any endorsements to this Policy, and
- (c) will be responsible for the payment of all premiums and Retentions and for receiving any return premiums.

7. Assignment

The **named insured** cannot assign this Policy or any right under it without the prior written consent of the **insurer**.

8. Headings

The titles of provisions or endorsements in this Policy are intended solely for convenience and reference. They are not deemed in any way to limit, expand or otherwise affect the provisions to which they relate.

9. Single Form of a Word

Whenever the singular form of a word is used herein, the same will include the plural when required by context.

10. Governing law

This Policy will be governed by and construed in accordance with the laws of New York.

11. Service of Suit

In the event the **insurer** does not pay any amount claimed to be due under this Policy, the **insurer**, at the request of the **insured organization**, will submit to the jurisdiction of any court of competent jurisdiction within the United States.

Nothing in this General Condition constitutes or should be understood to constitute a waiver of the **insurer's** rights:

- (a) to commence an action in any court of competent jurisdiction in the United States, or
- (b) to remove an action to United States District Court, or
- (c) 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.

The service of process in such suit may be made upon the firm specified in the Declarations.

The firm specified in the Declarations is authorized and directed to accept service of process on behalf of the **insurer** in any such suit and upon the request of the **insured organization** enter a general appearance upon the **insurer's** behalf.

12. Entire Agreement

By acceptance of the Policy, the **insured organization** agrees that this Policy embodies all agreements between the **insurer** and the **insured organization** relating to this Policy. No change or modification to this Policy will be effective unless made by endorsement issued by the **insurer**.

13. Representation by the Insured Organization

The **insured organization** agrees that the statements contained in the information and materials provided to the **insurer** in the application for this Policy (which are deemed attached to the Policy) are true, accurate and are not misleading. The **insured organization** also agrees that the **insurer** issued this Policy, and assumes the risks hereunder, in reliance upon the truth thereof.

14. Sanction limitation

The **insurer** will not be liable to provide any cover, benefit or pay any claim under this Policy to the extent that the provision of such cover, benefit or payment of such claim would expose the **insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the United States of America, European Union or United Kingdom.

15. Valuation and Currency

All premiums, limits, retentions, **pre-loss crisis costs**, **loss** and **crisis costs** under this Policy are expressed in the currency of the United States. If **pre-loss crisis costs**, **loss** and/or **crisis costs** are paid in a currency other than United States dollars, payment under this Policy will be made, at the **named insured's** election, either:

- (a) in United States dollars, or
- (b) in the foreign jurisdiction at issue and in the foreign currency at issue, to the extent legally permissible.

The rate of exchange published in the Wall Street Journal on the date the **pre-loss crisis costs**, **loss** and/or **crisis costs** are paid will be used to calculate erosion of the Policy Limits and Retentions of this Policy.

16. Bankruptcy

Bankruptcy or insolvency of the **insured organization** will not relieve the **insurer** of any of its obligations under this Policy.

E. DEFINITIONS

The following definitions are applicable to this Policy:

actual revenue means the **insured organization's** actual revenues, related to those specific exposures insured under this Policy as specified in the Declarations, during a three month period.

costs means reasonable and necessary fees, costs and expenses charged to the **insured organization** by any service provider retained by the **insured organization** with the prior written consent of the **insurer**, such consent shall not be unreasonably withhold, delayed or denied, in providing the following services to the **insured organization**:

1. crisis communications services,
2. crisis management services,
3. forensic and investigatory services,
4. governmental relations services,
5. legal services, or
6. any other specified services approved in advance by the **insurer**.

crisis costs means those **costs** which are incurred after the Reputational Harm Coverage Insuring Clause A. 2. being triggered by a **reduction in revenue**, to which the **insurer** consents in writing, in advance, to mitigate any **reputational harm**, such consent shall not be unreasonably withhold, delayed or denied.

expected revenue means the total sum of the **insured organization's** actual revenues related to those specific exposures that the **insured organization** has chosen to be insured under this Policy as specified in the Declarations:

1. during the corresponding three month period of the previous year to the three month period described in the definition of **actual revenue**, and
2. restated on a pro-forma basis (if applicable), and
3. adjusted by taking into account the trend of the **insured organization's** business during the subsequent nine month period following the three month period described in 1. above compared to the corresponding nine month period of the previous year.

insured organization means the **named insured** and any subsidiary or affiliated company of the **named insured**.

insurer means Beazley Syndicates 2623/623 at Lloyd's and XXXXXX.

loss means the amount calculated in accordance with the Loss Provision C.5.

named insured means the entity specified in the Declarations.

policy period means the period from the effective date and hour of this Policy to the Policy expiration date and hour as specified in the Declarations, or its earlier cancellation date and hour.

pre-loss crisis costs means those **costs** which are incurred after a notification pursuant to C.1 has been made to the **insurer**, to which the **insurer** consents in writing, in advance, to mitigate any potential or actual **reputational harm** prior to the triggering of Reputational Harm Coverage Insuring Clause A.2 by a **reduction in revenue**, such consent shall not be unreasonably withhold, delayed or denied

related notifications means all notifications which have been made by the **insured organization** to the **insurer** reporting the same or a series of related, repeated or continuing acts, incidents or events.

reputational harm means any loss of or damage to the reputation, standing or status of the **insured organization**, or to the respect, goodwill, or favour rendered to the **insured organization**.

reduction in revenue means a reduction of:

1. **actual revenue** of more than the percentage specified in the Declarations within a six month period from the date notification has been made to the **insurer**, compared to:
2. **expected revenue**.

Effective date of this Endorsement:

This Endorsement is attached to and forms a part of Policy Number:

AMENDED LOSS CALCULATION

This endorsement modifies insurance provided under the following:

BEAZLEY REPUTATIONAL HARM INSURANCE POLICY

In consideration of the premium charged for this Policy, it is hereby understood and agreed that Clause **C. LOSS PROVISION 5.(d)** is deleted in its entirety and replaced with the following:

- (d) the percentage to be determined by both the **insured organization** and the **insurer** which results from **reputational harm**. In the event of a disagreement between the **insured organization** and the **insurer** as to such percentage, the **insured organization** may request, within six months from the date the **insured organization** first suffered a **reduction in revenue**, that a forensic accountant solely determines the percentage of **reduction in revenue** that resulted from the **reputational harm**.

The selection of the forensic accountant will be mutually agreed, and the cost borne equally by the **insured organization** and the **insurer**. Such costs will not erode the Retention or the Policy Limit.

All other terms and conditions of this Policy remain unchanged.