

## ENDORSEMENT

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

### **CORPORATE IDENTITY PROTECTION ENDORSEMENT for Accountants Professional Liability Policy**

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

#### ENDORSEMENT SCHEDULE

<b>CIP Aggregate Sublimit</b>	\$	[AMOUNT]
a. Personal Identity Liability Sublimit	\$	[AMOUNT]
b. Administrative Action Sublimit	\$	[AMOUNT]
c. Identity Event Services Sublimit	\$	[AMOUNT]
<b>CIP Retention</b>	\$	[AMOUNT]
<b>CIP Retroactive Date</b>		[DATE]

1. Solely for the purposes of the coverage afforded by this endorsement, Section I. **INSURING AGREEMENTS** is deleted in its entirety and replaced with the following:

#### **I. INSURING AGREEMENTS**

##### A. COVERAGE:

1. Personal Identity Liability

The Company shall pay on behalf of the **Insured**, those amounts in excess of any applicable Retention, the **Insured** is legally obligated to pay as **Loss Amounts** resulting from a **Claim** arising from a **Personal Identity Event** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**.

2. Administrative Action

The Company shall pay the **Insured** for all reasonable **Administrative Expenses**, in excess of any applicable Retention, resulting from an **Administrative Action** arising from a **Personal Identity Event** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**.

3. Identity Event Services

The Company shall pay the **Insured Firm** for all reasonable **Notification Costs**, **Crisis Expenses** and **Post Event Services Expenses**, in excess of any applicable Retention, resulting from a **Personal Identity Event** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**.

For these coverages to apply, all the following conditions must be satisfied:

1. prior to the inception date of the first Accountants Professional Liability Policy issued by the Company to the **Insured Firm**, continuously renewed and maintained in effect

- thereafter to the inception date of this **Policy Period**, and including this Corporate Identity Protection Endorsement, no partner, principal, officer or owner of the **Insured Firm** or any person authorized to receive notice of a **Claim** had knowledge of a **Personal Identity Event** or fact or circumstance likely to give rise to a **Claim** covered by this Endorsement; and
2. the **Personal Identity Event** forming the basis of any **Claim, Administrative Action, Notification Costs, Crisis Expenses** or **Post Event Services Expenses** occurred prior to the end of the **Policy Period**, and subsequent to the CIP Retroactive Date shown in the Endorsement Schedule; and
  3. the **Insured** must report the **Personal Identity Event** to the Company, in writing, as soon as practicable, but in no event later than the end of the **Notice Period**.

#### B. TERRITORY

The insurance afforded by this policy applies to a **Personal Identity Event** that take place anywhere in the world, but the Company shall only pay for **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and **Post Event Services Expenses** incurred in the United States of America, its territories and possessions and Canada.

#### C. DEFENSE PROVISIONS

Solely with respect to coverage afforded under Insuring Agreement I.A.1., **Personal Identity Liability**:

1. **Our Duty To Defend Insureds:** The Company has the right and the duty to defend a **Suit** brought against the **Insured** arising from an otherwise covered **Personal Identity Event**, even if the **Suit** is groundless or fraudulent. The Company shall pay for **Defense Costs** the **Insured** incurs with the Company's prior written consent in the defense of a **Suit** for covered **Personal Identity Events** discovered during the **Policy Period**. The Company has the right, but not the duty, to investigate any **Claim** against the **Insured**. In the event the Company investigates any **Claim** and the **Insured** incurs **Defense Costs** with the Company's prior written consent as a result of such investigation, the Company shall pay such **Defense Costs**.
2. **Settlement:** The Company has the right, but not the duty, to settle any **Claim**, with the written consent of the **Insured**. The **Insured** may settle any **Claim** or **Suit** to which this insurance applies provided that the **Insured** does so (i) on behalf of all **Insureds**, and (ii) for an amount not exceeding the applicable Retention (inclusive of **Defense Costs**).
3. **When the Duty to Defend Ends:** The Company's duty to defend ends upon the exhaustion of the Policy Limit of Liability, CIP Aggregate Sublimit or any other applicable sublimit set forth in the Endorsement Schedule by payment of **Loss Amounts**. The Company duty to defend also ends if the **Insured** fails or refuses to consent to any settlement the Company recommend and the claimant will accept. The **Insured** must then defend the **Claim** at the **Insured's** own expense. As a consequence of such failure or refusal, the Company's liability for all **Loss Amounts** shall not exceed the amount for which the Company could have settled the **Claim** had the **Insured** consented, plus **Defense Costs** incurred prior to the date of such failure or refusal.

2. Solely for the purposes of the coverage afforded by this endorsement, Section II. **EXCLUSIONS** is deleted in its entirety and replaced with the following:

## II. EXCLUSIONS

The coverage afforded by this Endorsement shall not apply to:

- A. any **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** arising out of or 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 the **Privacy Policy** of the **Insured Firm**, or gaining of any profit or advantage to which the **Insured** is not legally entitled, if committed by any of the **Insured Firm's**:
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), if any of the **Insured Firm's** elected or appointed officers possessed knowledge of any such:
    - a) dishonest, fraudulent, criminal or malicious act, error or omission;
    - b) intentional or knowing violation of the law or the **Privacy Policy** of the **Insured Firm**; or
    - c) gaining of any profit or advantage to which the **Insured** is not legally entitled, prior to or at the time (a), (b) or (c) above were committed;
- provided, however, the Company will defend **Suits** alleging any of the foregoing conduct, until there is a judgment against, final adjudication against, adverse finding of fact against, adverse admission by, or plea of *nolo contendere* or no contest by, the **Insured** as to such conduct, at which time the **Insured** shall reimburse the Company for **Defense Costs**;
- B. any **Personal Identity Event** that any of the **Insured Firm's** directors, officers, trustees, governors, management committee members, members of the management board or partners (or the equivalent positions) knew or reasonably could have foreseen prior to the occurrence of that **Personal Identity Event**;
- C. any **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** arising out of or resulting, directly or indirectly, from physical injury, sickness, disease, disability, shock or mental anguish sustained by any person, including without limitation, required care, loss of services or death at any time resulting therefrom;
- D. any **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** arising out of or resulting, directly or indirectly, from any of the following:
1. fire, smoke, explosion, lightning, wind, water, 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, 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 the **Insured's** operational control;
- E. any **Damages, Defense Costs, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** arising out of or resulting, directly or indirectly, from 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**;
- F. any **Personal Identity Event** that was not properly reported to the Company during the **Notice Period**;
- G. any **Claim** seeking non-monetary relief, including without limitation, injunctive relief, declaratory relief, or other equitable remedies;
- H. any expenses incurred as a result of regularly scheduled, recurring or routine regulatory examinations, inquiries or compliance activities;
- I. any liability or obligation of any **Insured** under any contract or agreement; however, this exclusion shall not apply to liability the **Insured** would have in the absence of such contract or agreement;
- J. any **claim** alleging, arising out of or resulting, directly or indirectly, from any purchase, sale, or offer or solicitation of an offer to purchase or sell securities, or any violation of any securities law, including the Securities Act of 1933, as amended, 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;
- K. any **Personal Identity Event** resulting from failure of the **Insured**:
1. to use, maintain and update at a minimum every ninety (90) days, when necessary, anti-virus software, firewall software on all broadband or high-speed connections to the Internet and software security patches; or
  2. to comply with all data security standards issued by credit card issuers or financial institutions with whom the **Insured** transacts business, if the **Insured** processes, stores or handles credit card information;
- L. any **Personal Identity Event** that first occurred prior to the CIP Retroactive Date set forth in the Endorsement Schedule;
- M. any **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** arising out of or resulting, directly or indirectly, from the infringement of copyright, patent, trademark, trade secret or other intellectual property rights;
- N. any **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses, and Post Event Services Expenses** alleging, arising out of or resulting, directly or indirectly, from any discrimination against 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; or

O. any **Claim** against an **Insured** that is brought, directly or indirectly, by or on behalf of:

1. any **Insured**;
2. any entity that is owned, managed or operated, directly or indirectly, in whole or in part, by an **Insured**; or
3. any parent company, subsidiary, director, officer, partner, trustee, successor or assignee of an **Insured**, or anyone affiliated with an **Insured** or such business entity through common majority ownership or control,

provided, however, this exclusion shall not apply to any **Claim** brought by or on behalf of an **Insured** whose **Personally Identifiable Information** is the subject of an otherwise covered **Personal Identity Event**. Notwithstanding the foregoing, there shall be no coverage for any counterclaims against such **Insured**.

Provided further, however, the coverage afforded by this Endorsement shall apply to **Defense Costs** incurred in connection with any cross claim for contribution or indemnity that is part of an otherwise covered **Claim** and is brought by one **Insured** against another **Insured**.

3. Section III. **DEFINITIONS** is amending by adding the following paragraphs to the end thereof:

**AA. Administrative Action** means and is limited to:

1. an investigation of the **Insured** after written notice is sent to the **Insured** by,
2. negotiation of a consent order against the **Insured** with, or
3. formal adversarial administrative proceeding against the **Insured** instituted by,

a United States or Canadian federal, state, provincial or territorial regulatory agency, arising solely out of a **Personal Identity Event** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**.

**BB. Administrative Expenses** means reasonable attorneys' fees and expenses for legal services incurred by the **Insured** with the prior written consent of the Company, in the defense and investigation of an **Administrative Action**, provided that these services are not performed by employees of the **Insured Firm**. All **Administrative Expenses** incurred with respect to appeals and proceedings, or a series of continuous or interrelated appeals and proceedings arising out of an **Administrative Action** shall be considered as part of the original **Administrative Action**. **Administrative Expenses** shall not include ongoing monitoring or the costs of implementing any changes required or consented to for regulatory compliance.

**CC. Crisis expenses** means the reasonable and necessary charges and fees incurred by an **Insured Firm** within six (6) months following discovery of a **Personal Identity Event** covered under this Endorsement, for:

1. the services of a public relations firm, crisis management firm, or law firm hired or appointed by the Company, or by the **Insured Firm** with the prior written consent of the Company, retained solely for the purpose of restoring the confidence of the **Insured Firm's** customers, investors and employees; and

2. the services of a forensic investigator or firm hired or appointed by the Company, or by the **Insured Firm** with the prior written consent of the Company, retained solely for the purposes of determining the extent of the **Personal Identity Event** and the identities of those individuals whose **Personally Identifiable Information** is, or may have been, the subject of such **Personal Identity Event**.
- DD. Information Holder** means a third party that the **Insured** has provided **Personally Identifiable Information** to and with whom an **Insured** has entered into a contract that requires such party to protect such **Personally Identifiable Information**.
- EE. Notification costs** means and is limited to the reasonable and necessary costs incurred by an **Insured Firm** with the prior written consent of the Company, within one (1) year following discovery of a **Personal Identity Event** covered under this Endorsement, for:
1. newspaper or other printed media, radio and television advertisements, or correspondence intended to inform or educate the general public, that cite a **Personal Identity Event** and advise any individual whose **Personally Identifiable Information** is the subject of such **Personal Identity Event** of any available remedy; and
  2. correspondence or any other communication directed to any individual whose **Personally Identifiable Information** is the subject of a **Personal Identity Event** for purposes of notifying them of the **Personal Identity Event** and any available remedy.
- FF. Notice Period** means the sixty (60) day period of time the **Insured** shall have to notify the Company that a **Personal Identity Event** has occurred. The **Notice Period** shall commence immediately upon first discovery of the **Personal Identity Event** by an **Insured**.
- GG. Personally Identifiable Information** means any of the following: (1) information from which an individual may be uniquely and reliably identified or contacted, including without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, account histories and passwords; (2) information concerning an individual that would be considered "nonpublic personal information" within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338) (as amended) and its implementing regulations; and (3) information concerning an individual that would be considered "protected health information" within Health Insurance Portability and Accountability Act of 1996 (as amended) and its implementing regulations.
- HH. Personal identity event** means any event involving an **Insured Firm** that has resulted in, or could reasonably result in, the fraudulent use of **Personally Identifiable Information**, that is or was in the care, custody or control of an **Insured** or **Information Holder**. All **Claims, Administrative Actions, Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and **Post Event Services Expenses** resulting from the same, continuous, related or repeated event or which arise from the same, related or common nexus of facts will be deemed to arise out of one **Personal Identity Event**.
- II. Pollutants** means, but are not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, asbestos, acids, alkalis, chemicals and waste.

“Waste” includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

**JJ. Post event services expenses** means reasonable fees and expenses incurred by an **Insured Firm** with the prior written consent of the Company, for any service specifically approved by the Company in writing, including without limitation, identity theft education and assistance and credit file monitoring. Such services must be provided by or on behalf of an **Insured Firm** within one (1) year following discovery of a **Personal Identity Event** covered under this Endorsement to any individual whose **Personally Identifiable Information** is the subject of that **Personal Identity Event** for the primary purpose of mitigating the effects of such **Personal Identity Event**.

**KK. Privacy policy** means any policy in any form regarding the collection, dissemination, storage, or treatment of information regarding customers, visitors to an Internet site, or other persons.

**LL. Suit** means a civil proceeding seeking monetary relief that is commenced by the service of a summons and a complaint or similar pleading. **Suit** shall also include a binding arbitration proceeding in which monetary relief is alleged and to which the **Insured** must submit or does submit with the prior written consent of the Company.

4. In Section IV. **LIMITS OF LIABILITY AND DEDUCTIBLE**, paragraph A is deleted in its entirety and replaced with the following:

A. AGGREGATE LIMIT OF LIABILITY:

Regardless of the number of **Insureds**, **Claims** made, **Suits** brought, **Personal Identity Events** discovered or persons or organizations making **Claims** or bringing **Suits**, the most the Company will pay under this policy is the Aggregate Limit of Liability shown in Item 4.A. of the Declarations. This Aggregate Limit of Liability is the total for all **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and **Post Event Services Expenses** that the Company will pay under this policy for all covered **Claims** first made against the **Insured** and all covered **Personal Identity Events** first discovered by the **Insured** during the **Policy Period**.

Once the Aggregate Limit of Liability has been exhausted by the payment of **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and/or **Post Event Services Expenses**, the Company shall have no further obligations with respect to **Claims** first made against, or **Personal Identity Events** first discovered by, the **Insured** during the **Policy Period**.

5. Solely for the purposes of the coverage afforded by this endorsement, in Section IV. **LIMITS OF LIABILITY AND DEDUCTIBLE**, paragraph B is deleted in its entirety and replaced with the following:

B. SUBLIMITS OF INSURANCE

1. The CIP Aggregate Sublimit indicated in the Endorsement Schedule is the most the Company shall pay for all coverages provided by this Endorsement combined, regardless of the number of **Personal Identity Events**, persons, entities, **Claims** or **Administrative Actions** covered by this Endorsement, or claimants, **Claims** or **Administrative Actions** made and regardless of the total of all **Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and **Post Event Services Expenses** resulting from all **Personal Identity Events** first discovered by the **Insured** during the **Policy Period** and reported to us within the **Notice Period**.\

2. All **Claims, Administrative Actions, Loss Amounts, Administrative Expenses, Notification Costs, Crisis Expenses** and **Post Event Services Expenses** resulting from the same, continuous, related or repeated **Personal Identity Event** shall be subject to the terms, conditions, exclusions and Sublimits of Insurance of the Corporate Identity Protection Endorsement issued by the Company to the **Named Insured** in effect at the time the first such **Personal Identity Event** is first discovered by the **Insured**.
3. The most the Company shall pay for the total of all:
  1. **Loss Amounts** is the Personal Identity Liability Sublimit indicated in the Endorsement Schedule;
  2. **Administrative Expenses** is the Administrative Action Sublimit indicated in the Endorsement Schedule; and
  3. **Notification Costs, Crisis Expenses** and **Post Event Services Expenses** is the Identity Event Services Sublimit indicated in the Endorsement Schedule;regardless of the number of **Personal Identity Events** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**. The applicable Sublimits shall be part of, and not in addition to the policy Aggregate Limit of Insurance and the CIP Aggregate Sublimit, and shall be excess of any applicable Retention, resulting from all **Personal Identity Events** first discovered by an **Insured** during the **Policy Period** and reported to the Company within the **Notice Period**.
6. Solely for the purposes of the coverage afforded by this endorsement, in Section IV. **LIMITS OF LIABILITY AND DEDUCTIBLE**, paragraph E is deleted in its entirety and replaced with the following:
  - E. RETENTION

The **Insured** shall be responsible for the CIP Retention set forth in the Endorsement Schedule and such Retention amount must remain uninsured. The CIP Retention applies to each **Personal Identity Event**. In its sole and absolute discretion and without prior notice to the **Insured**, the Company may advance all or part of the Retention in which case the **Insured** agrees to repay the Company promptly after the **Insured** is notified of such payment.
7. Solely for the purposes of the coverage afforded by this endorsement, the following Section is added to the policy:

#### **IDENTITY PROTECTION– OTHER CONDITIONS**

- A. Before coverage will apply under this Endorsement, the **Insured** shall notify the Company in writing as soon as practicable within the **Notice Period** of a **Personal Identity Event** first discovered by the **Insured** during the **Policy Period**. Notice must include:
  1. How, when, and where the **Personal Identity Event** took place;
  2. The number of individuals and type of **Personally Identifiable Information** involved in the **Personal Identity Event**; and
  3. Upon the Company's request, the names and addresses of individuals affected by the **Personal Identity Event**.

- B. The **Insured** shall also provide the Company with written notice of any **Claim** or **Administrative Action** arising from such **Personal Identity Event** reported in accordance with paragraph A above, as soon as practicable after such **Claim** or **Administrative Action** is made.
- C. In the event of an **Administrative Action**, the **Insured** shall notify the Company whether the **Insured** has any other insurance policy, prepaid legal service contract or legal practitioner retainer agreement available to him/her with respect to such **Administrative Action**. The **Insured** shall also:
1. Send to the Company, as soon as practicable, copies of any notices, complaints or other legal papers received in connection with any **Administrative Action**;
  2. Authorize the Company to obtain records and other information; and
  3. Furnish the Company, upon its request, with records and other information and submit to an interview by the Company or its representative concerning the full extent of their knowledge of the events leading to the **Administrative Action**. The Company shall also be entitled to immediately receive upon request copies of any regulatory agency correspondence the **Insured** received relating to such **Administrative Action**, including without limitation any correspondence which may have predated the date of application for coverage under this Endorsement.
- D. The **Insured** shall take reasonable steps to prevent a **Personal Identity Event** and to mitigate the damages and expenses arising out of a **Personal Identity Event**. In all events, no **Insured** shall take any action, or fail to take any action, without the prior written consent of the Company, which prejudices the Company's rights under this Endorsement.
8. In Section V. **CONDITIONS – CLAIMS**, paragraph D. EXTENDED REPORTING PERIOD does not apply to the coverage afforded under this Endorsement.

All other terms and conditions of the policy remain the same.

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Authorized Representative