CYBER INSURANCE POLICY WORDING

KIC – Trading Name of Klapton Insurance Company Ltd
Registered and regulated by the Anjouan Offshore Finance Authority
Registration Number L2001 | URL: www.klapton.com

Registered Address: ACS 69, Mutsamudu, Autonomous Island of Anjouan, Union of Comoros

Administrative Contact: Klapton Management Ltd, Office 1
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Preamble: Cyber Insurance Policy

This Cyber Insurance Policy ("the Policy") is a contractual agreement between the Insurer and the Insured, collectively referred to as the Parties. This Policy is designed to provide comprehensive coverage to the Insured in the event of a cyber incident that directly impacts the Insured's operations, assets, and personnel.

A "cyber incident" is defined as any unauthorised access to, disruption of, or damage to computer systems, networks, or data, including but not limited to the following:

1. Unauthorised access or breach of network security leading to the theft, loss, or compromise of sensitive or confidential information.
2. Malicious software (malware) infections, including viruses, ransomware, spyware, or other forms of malicious code that disrupt or impair the functionality of computer systems or data.
3. Denial-of-service (DoS) attacks or distributed denial-of-service (DDoS) attacks that disrupt the availability or accessibility of computer systems or online services.
4. Phishing attacks or social engineering schemes aimed at obtaining sensitive information or credentials through deceptive means.
5. Unauthorised actions by third parties that result in data breaches or system compromises.

This definition expressly excludes the payment of ransom demands, including but not limited to payments made to cybercriminals or extortionists to unlock encrypted data, restore system functionality, or prevent the release of stolen information, unless an extension was purchased for extortion and ransom indemnity coverage.

This Cyber Insurance Policy is tailored to address the unique risks and challenges posed by cyber incidents, providing comprehensive protection to the Insured against financial losses, legal liabilities, and related expenses. The Insured is encouraged to review the terms, conditions, and exclusions of this Policy and seek professional advice to ensure alignment with their specific needs and regulatory requirements.

This is a claims made policy. Except as otherwise provided, this Policy covers only claims first made and reported to the Insurer during the policy period or any extended reporting period.

Please read this policy carefully.

NOTE

In granting cover to the Insured, the Insurer has relied upon the material statements and particulars in the proposal form together with its attachments and such other information supplied by the Insured prior to or at inception or renewal or during the Policy Period. The proposal form and the information supplied is the basis of cover and shall be considered incorporated into and constitutes part of this policy. If the Insurer becomes entitled to avoid this policy from inception, at renewal or from the time of any variation in cover, the Insurer may in its discretion maintain this policy in full force but exclude consequences of any Claim relating to any matter which ought to have been disclosed prior to or at inception, renewal or any variation in cover.

In consideration of the Insured having paid the premium, the Insurer agreed to provide insurance subject to the Terms, Conditions and Exclusions of this policy, on the basis of and subject to the Aggregate Limit of Indemnity set out in the Certificate of Insurance during the Policy Period. The Insured will fulfill all legal requirements, and will take any and all reasonable precautions to prevent occurrences, minimise risk and mitigate loss.

This policy and its Certificate of Insurance and Endorsements shall be read together as one contract and any word or expression to which a specific meaning or Definition has been given shall have such specific meaning wherever it may appear. In consideration of this and subject to the provisions of this policy (including but not limited to the minimum security requirements as per Annexure A), the Insurer agrees as follows:

This policy is a contract entered into and between the insurance company stated in the Certificate of Insurance (hereinafter: "the Insurer") and the Insured specified in the Certificate of Insurance (hereinafter: "the Insured").

Whereas the Insured, whose name and the essence of his business for the purpose of this insurance are specified in the Certificate of Insurance attached to this policy, applied to the Insurer with a written proposal and/or declaration signed by him, forming a basis to this contract and constitutes an inseparable part of it.

Therefore, this policy witnesses that for the payment of the premium stated in the Certificate of Insurance and subject to all terms, conditions, limitations, exclusions and instructions in this policy, the Insurer shall pay in respect to the Insured event that has happened within the period of insurance specified in the Certificate of Insurance, as defined in each chapter covered and specified in the Certificate of Insurance.

It is conditioned that coverage under each chapter and/or section in this policy is effective only when and if this chapter and/or section is explicitly stated in the Certificate of Insurance as being in effect.

Any payment due or made by the Insurer under this policy shall not exceed the limits of indemnity stated in the Certificate of Insurance in each chapter and shall not together exceed the limits of indemnity stated in the Certificate of Insurance in the relevant chapter. The legal liability of the Insurer shall not exceed the limit of indemnity stated in the Certificate of Insurance.

This policy is a Dual Basis Liability Policy, meaning that this policy will indemnify the Insured or will become liable only if the event has happened within the period of insurance specified in the Certificate of Insurance and the claim for compensation has been submitted within the period of insurance. For this instance, a notice advising the Insurer of an event that happened within the period of insurance does not constitute a claim for compensation that has been submitted within the period of insurance.

However, a notice by Third Party notifying the Insured and/or the Insurer of a possible future financial claim or demand, that has been submitted to the Insurer within the period of insurance is considered a claim for compensation that has been submitted within the period of insurance.

This policy with all its annexes and endorsements shall read as one whole contract and shall be understood together.

The insurance cover in each chapter of this policy is subject to the terms, conditions and exclusions specified in that chapter and to the general exclusions and general terms and conditions of this policy.

The headlines of the policy chapters and sections are for reasons of convenience only and shall not serve as interpretations of the policy.

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Cyber Risk Survey including essential requirements that are prerequisites for coverage.

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

Cyber Risk Survey and essential requirements that are prerequisites for coverage

1.1 Cyber Risk Survey Service:

As part of this Cyber Insurance Policy, the Insurer will provide the Insured with a cyber risk survey conducted by qualified cyber security professionals, nominated by the Insurer, on full payment of premium by the Insured. The purpose of the survey is to identify vulnerabilities, survey potential threats, and determine risk mitigation measures to enhance the overall cyber security posture of the Insured.

The parameters of the scope of the cyber risk survey is solely at the discretion of the Insurer and is based primarily on the information provided to the Insurer by the Insured on the proposal form.

1.2 Insured's Responsibilities:

a. Upon receipt of the cyber policy demand, the Insured agrees to promptly review the findings.

b. The Insured acknowledges that the demands within the cyber risk survey are designed to mitigate identified risks and enhance cyber security resilience.

c. The Insured shall implement the necessary measures to address the survey demands within the cyber risk survey within a specified timeframe, which will be communicated by the Insurer, in consultation with the cyber security provider.

1.3 Penalties for Non-Compliance:

a. Failure to Address survey demands: In the event that the Insured fails to address the survey demands within the specified timeframe, the Insurer reserves the right to impose penalties, which may include, but are not limited to, increased deductibles, increased premiums, loss of coverage, or a combination of these.

b. Timely Compliance: The Insured understands that timely and effective compliance with the survey demands is essential for maintaining the agreed-upon terms and conditions of this policy.

1.4 Penalty Notification:

The Insurer will notify the Insured in writing of any penalties imposed due to non-compliance with the cyber risk survey demands. The Insured shall be given a reasonable period to rectify the non-compliance and demonstrate corrective action.

1.5 Review of Survey Demands

a. The Insurer may, at its discretion, conduct reviews of the survey demands status's to evaluate the Insured's cyber security measures and ensure ongoing compliance with industry best practices.

b. Improved Compliance: In the event that the Insured demonstrates substantial improvement in compliance with cyber security best practices, the Insurer may consider adjusting penalties accordingly.

1.6 Dispute Resolution:

In the case of disputes regarding the cyber risk assessment findings or penalties imposed, the parties agree to engage in good-faith negotiations to resolve the matter. If a resolution cannot be reached, the dispute resolution process outlined in the Jurisdiction of the General Terms and Conditions of this policy shall apply.

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Chapter 1: Cyber Incident Response

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

1.1 Incident Response Service:

a. In the event of a cyber incident, the Insured shall have access to incident response services provided by a nominated cyber security provider appointed by the Insurer.

b. The nominated cyber security provider shall offer expertise and assistance to help the Insured contain, investigate, and mitigate the effects of the cyber incident.

1.2 Notification Requirements:

a. The Insured obliged to notify the designated cyber security provider's hotline and the Insurer's claims department immediately but not later than 48 hours upon becoming aware of a covered cyber incident.

b. Timely notification is a condition precedent to the availability of incident response services and Failure to notify the Insurer promptly within the stipulated timeframe may result in the loss of coverage.

c. Failure to provide timely notification may affect the Insurer's ability to engage the nominated cyber security provider.

1.3 Services Subject to Limit of Indemnity:

a. The provision of incident response services is subject to the limit of indemnity as specified in the certificate of insurance issued to the Insured.

b. The Insured acknowledges that the costs associated with incident response services, including but not limited to forensic investigations, legal counsel, and remediation efforts, will be subject to the limit of indemnity set forth in the policy. Any ongoing costs above this limit of indemnity are deemed to be at the Insured's own expense.

1.4 Incident Response Process:

a. Upon timely notification, the Insurer will coordinate with the nominated cyber security provider to initiate the incident response process.

b. The Insured agrees to cooperate fully with the nominated cyber security provider and Insurer in the investigation and mitigation of the cyber incident.

1.5 Nominated Cyber security Provider:

a. The Insurer will communicate the contact details and procedures for engaging the nominated cyber security provider to the Insured upon policy issuance or renewal and this information is included in the Certificate of Insurance.

b. The Insured is encouraged to maintain awareness of the nominated cyber security provider's contact information and procedures for efficient engagement.

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1.6. Exclusions:

This clause does not cover incidents arising from:

- Intentional wrongful acts or fraudulent activities by the Insured.
- Failure to provide service by an Internet service provider, any provider or another public service provider communication

1.7 Policy Conditions

The Insured agrees to cooperate with the Insurer and the nominated cyber security provider and to allow access to any and all relevant systems and premises to facilitate incident response. The Insurer shall not be held liable for any actions taken by the nominated cyber security provider during the course of incident response and restoration.

1.8 Force Majeure

a. For the purposes of this policy, a "Force Majeure Event" means an event beyond the reasonable control of a party, including but not limited to acts of God, war, terrorism, riots, embargoes, acts of civil or military authorities, fire, floods, earthquakes, accidents, strikes, or shortages of transportation, facilities, fuel, energy, labor, or materials.

b. The affected party (insurer or services provider) shall notify the other party as soon as practicable of the occurrence of a Force Majeure Event and shall describe in reasonable detail the nature of the Force Majeure Event and its expected impact on the performance of its obligations.

c. The affected party shall use all reasonable efforts to resume performance of its obligations as soon as practicable after the Force Majeure Event has been resolved.

d. Neither party shall be liable for any failure or delay in the performance of its obligations under this Agreement due to a Force Majeure Event, provided that the affected party has complied with its obligations under this clause.

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Chapter 2: Cyber Direct Costs incurred to reinstate damaged equipment and data recovery as a result of a Cyber Incident

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

The Insurer agrees to indemnify the Insured for direct costs incurred in reinstating or replacing electronic equipment necessary for the Insured's operations, which has been damaged as a direct result of a covered cyber incident. This coverage includes, but is not limited to, costs associated with hardware replacement, software restoration, and any necessary technical services essential for the functionality and security of the Insured's electronic equipment.

Scope of Coverage:

2.1 Covered Cyber Incidents:

This coverage applies to direct damage caused by covered cyber incidents as defined in this policy. Covered cyber incidents include, but are not limited to, unauthorised access, malware attacks, denial-of-service attacks, and any other cyber threats specified in the policy.

2.2 Reinstatement Costs:

The Insurer will reimburse the Insured for the direct costs incurred in reinstating or replacing damaged electronic equipment. This may include, but is not limited to, the cost of new hardware, software licenses, and expenses related to system testing and validation to the existed level previous the cyber event or damage.

2.3 Professional Services:

In the event of a covered cyber incident, the Insurer will also cover reasonable and necessary professional services required for the proper reinstatement of electronic equipment. This may include IT consulting, cyber security experts, and other technical specialists deemed essential for the Insured's equipment reinstatement.

2.4 Data Recovery:

The Insurer shall reimburse the Insured for direct data recovery costs incurred as a result of a cyber incident as defined in this policy.

Data recovery costs mean the reasonable and necessary costs incurred by the Insured to regain access to, replace, or restore data or if the data cannot be reasonably accessed, replaced or restored, the reasonable and necessary costs incurred by the Insured to reach this determination.

Data recovery costs will not include

a. Monetary value of profits, royalties or lost market share related to data, including but not limited to trade secrets of other proprietary information or any other amount pertaining to the value of data

b. Legal costs and expenses

c. Loss arising out of any liability to any third party

d. Cyber extortion loss - Unless a Cyber Extortion and Ransom Extension is purchased

e. Non-Malicious event - Unless a Non-Malicious Indemnity Extension is purchased

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2.5 Exclusions:

This coverage shall not apply to costs incurred due to the Insured's failure to implement reasonable cyber security measures as outlined in the policy Annexure A, as well as recommendations made during the Cyber Security Assessment. Additionally, the Insurer will not cover costs associated with equipment upgrades unrelated to the cyber incident or any costs incurred without the Insurer's prior consent.

2.6 Limit of Indemnity:

The limit of indemnity for reinstatement costs, professional services, and equipment reinstatement coverage shall be as specified in the Certificate of Insurance. The Insurer shall pay costs for these services OR until the limit of indemnity has been reached whichever is the lesser.

2.7 Deductible:

The deductible for this coverage will be as specified in the Certificate of Insurance and will apply on a per-claim basis.

2.8 Policy Conditions:

2.8.1 The Insured shall promptly notify the Insurer of any cyber incident that may give rise to a claim under this clause. The Insured shall cooperate fully with the Insurer in the investigation and assessment of the reinstatement costs.

2.8.2 In the event of a cyber incident resulting in equipment damage, the Insurer reserves the right to salvage damaged or infected equipment upon providing indemnity for direct costs incurred in reinstating the equipment.

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Chapter 3: Cyber Business interruption

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

The Insurer agrees to indemnify the Insured for financial losses incurred due to business interruption resulting from a covered cyber incident. This coverage includes income loss and extra expenses necessary to resume normal business operations.

Scope of Coverage:

This coverage applies to financial losses sustained by the Insured as a direct result of a covered cyber incident, leading to the interruption, disruption, or suspension of normal business operations.

3.1 Business interruption loss includes certain losses that are sustained as a result of the actual interruption of the Insured's business operations caused by a covered cyber incident made up of the following:

a. income loss

b. extra Reasonable expense

actually, sustained during the period of restoration as a result of the actual interruption of Insured's business operations caused by a security breach or dependent system failure as a result of a covered cyber incident.

3.2 Business Interruption loss will not include:

a. loss arising out of any liability to any third party

b. legal costs or legal expenses

c. loss incurred as a result of unfavorable business conditions

d. loss of market or any other consequential loss

e. data recovery costs

f. Any claim, liability, damage, expenses or defense costs arising directly or indirectly from a reported event in the proposal form or for which notice was given to a previous insurer

3.3 Income loss means an amount equal to:

a. net profit or loss before interest and tax that the Insured would have earned or incurred; and

b. continuing normal business expenses incurred by the Insured (including payroll), but only to the extent that such operating expenses must necessarily continue during the period of restoration.

3.4 Amounts that are not included in the income loss definition include:

a. expenses that are above and beyond normal operating expenses (although such amounts may be covered elsewhere under this policy, such as data recovery costs).

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b. normal operating expenses that are not necessary to continue, such as for outsource services that are not necessary to continue (such as cleaning expenses which are not required for an office which is temporarily shut down).

c. variable or non-continuing expenses, such as cost of goods sold or costs of supplies.

d. sales that are delayed but not lost.

3.5 Extra Expense

Extra expense means reasonable and necessary expenses incurred by the Insured during the period of restoration to minimise, reduce or avoid income loss, over and above those expenses the Insured would have incurred had no covered cyber incident occurred.

Extra expense includes certain amounts incurred to minimise, reduce or avoid income loss, provided that such amounts are over and above those expenses the Insured would have incurred had no covered cyber incident incurred, provided that those amounts are actually sustained during the period of restoration as a result of the actual interruption of the Insured's business operations caused by a covered cyber incident.

Extra expense does not include:

a. amounts paid for hardware (except to the extent the policy expressly provides coverage for hardware and only on the terms specified by the policy)

b. ordinary payroll expenses

c. amounts paid to remediate network security

d. prepaid or extended services

e. service credits

f. costs or expenses caused by an event, but which were not incurred to minimise, reduce, or avoid income loss

3.6 Exclusions:

This coverage shall not apply to business interruption losses caused by factors other than a covered cyber incident, such as natural disasters, political events, or other perils explicitly excluded in the policy.

3.7 Limit of Indemnity:

The limit of indemnity for business interruption coverage shall be as specified in the Certificate of Insurance.

3.8 Deductible:

The deductible for this coverage will be as specified in the Certificate of Insurance and will apply on a per-claim basis.

3.9 Policy Conditions:

The Insured shall provide notice to the Insurer no later than 30 days after the cyber incident likely to result in a business interruption claim. The Insured shall also cooperate fully with the Insurer, loss adjuster and nominated cyber service provider in the assessment and adjustment of the business interruption claim.

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Chapter 4: Cyber Directors and Officers

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

Coverage is limited to breach of Fiduciary Duty and does not apply to breach of Care Duty.

The Insurer agrees to indemnify the Insured for losses, legal expenses, and other related costs incurred by the directors and officers of the Insured entity in connection with claims of breach of fiduciary duty arising directly from a covered cyber incident.

Scope of Coverage:

4.1 Fiduciary Breach Claims:

This coverage applies to claims, demands, suits, or legal proceedings brought against the directors and officers of the Insured alleging a breach of their fiduciary duty, as defined by applicable laws, statutes, and regulations, directly resulting from a covered cyber incident.

4.2 Losses and Legal Expenses:

The Insurer will indemnify the Insured for financial losses, legal defence costs, settlements, and judgments incurred by the directors and officers in connection with fiduciary claims as a result of a covered cyber incident.

4.3 Exclusions:

5.3.1 This coverage shall not apply to losses or expenses incurred due to willful or intentional misconduct, fraud, criminal acts, or any illegal activities committed by the directors and officers. It also excludes claims arising from non-cyber-related breaches of fiduciary duty.

4.3.2 Coverage under Cyber Directors and Officers is excluded in instances where there is a failure to implement the recommendations outlined in the cyber risk assessment (Chapter 1) and / or where directors and officers were informed of such recommendations and intentionally and / or deliberately disregarded, contravened or violated them.

4.4 Limit of Indemnity:

The limit of indemnity for directors and officers indemnification for fiduciary breach and losses and legal expenses coverage shall be as specified in the Certificate of Insurance. The Insurer shall pay costs for these services OR until the limit of indemnity has been reached whichever is the lesser.

4.5 Deductible:

The deductible for this coverage will be as specified in the Certificate of Insurance and will apply on a per-claim basis.

4.6 Policy Conditions:

The Insured shall promptly notify the Insurer of any potential fiduciary breach claim arising from a covered cyber incident and cooperate fully in the investigation and defence of such claims.

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Chapter 5: Cyber Public (Third Party) Liability

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.
The Insurer agrees to indemnify the Insured for legal liabilities and associated expenses arising out of third-party claims directly attributable to a covered cyber incident.

Scope of Coverage:

5.1 Third-Party Liability:

This coverage applies to legal liabilities that the Insured becomes legally obligated to pay as a result of a covered cyber incident, including but not limited to claims for:

a. Unauthorised access or disclosure of sensitive information.

b. Transmission of malicious code or malware.

c. Denial of service attacks.

d. Violation of privacy rights.

e. Electronic media and intellectual property infringement.

5.2 Legal Defence Costs:
The Insurer will also cover reasonable and necessary legal defence costs incurred in defending against covered third-party claims, including legal representation, court costs, and other related expenses.

5.3 Settlements and Judgments:
The coverage includes payments for settlements and judgments awarded against the Insured, subject to the limits of liability specified in the policy.

5.4 Notification Costs:
The Insurer will cover the Insured's reasonable costs for notifying affected third parties of a data breach or cyber incident, as required by law or regulation.

5.5 Exclusions:
This coverage shall not apply to liabilities arising from the Insured's intentional wrongful acts, criminal activities, contractual disputes not related to the cyber incident, or any other exclusions specified in the policy.

5.6 Limit of Indemnity:
The limit of Indemnity for third-party liability, legal defence costs, settlements and judgements, digital media liability and notification costs coverage shall be as specified in the Certificate of Insurance. The Insurer shall pay costs for these services OR until the limit of indemnity has been reached whichever is the lesser.

5.7 Deductible:
The deductible for this coverage will be as specified in the Certificate of Insurance and will apply on a per-claim basis.

5.8 Policy Conditions:
The Insured shall promptly notify the Insurer of any third-party claims arising from a covered cyber incident. The Insured shall also cooperate fully with the Insurer in the investigation, defence, and settlement of such claims.

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Chapter 6: Cyber Professional Indemnity

This clause forms an integral part of the cyber insurance policy issued to the Insured and is subject to all terms, conditions, and exclusions contained therein.

The Insurer agrees to indemnify the Insured for legal liabilities and associated expenses arising from professional indemnity claims made against the Insured directly as a result of a covered cyber incident.

Scope of Coverage:

6.1 Professional Indemnity Claims:

This coverage applies to legal liabilities that the Insured becomes legally obligated to pay due to allegations of professional negligence, errors, or omissions directly related to a covered cyber incident. This may include claims arising from:

a. Failure to adequately protect sensitive information.

b. Errors in the design, implementation, or management of cyber security measures.

c. Failure to meet industry standards for data protection.

6.2 Legal Defence Costs:

The Insurer will cover reasonable and necessary legal defence costs incurred in defending against covered professional indemnity claims, including legal representation, court costs, and other related expenses.

6.3 Settlements and Judgments:

The coverage includes payments for settlements and judgments awarded against the Insured, subject to the limits of liability specified in the policy.

6.4 Exclusions:

This coverage shall not apply to liabilities arising from intentional wrongful acts, criminal activities, fiduciary breaches and their resultant losses by directors and officers not otherwise covered by this policy, contractual disputes not related to the cyber incident, or any other exclusions specified in the policy. This policy also excludes claims arising from non-cyber professional indemnity exposures otherwise covered by a conventional professional indemnity policy.

6.5 Limit of Indemnity:

The limit of indemnity for cyber professional indemnity, legal defence costs, settlements and judgements coverage shall be as specified in the Certificate of Insurance. The Insurer shall pay costs for these services OR until the limit of indemnity has been reached whichever is the lesser.

6.6 Deductible:

The deductible for this coverage will be as specified in the Certificate of Insurance and will apply on a per-claim basis.

6.7 Policy Conditions:

The Insured shall promptly notify the Insurer of any professional indemnity claims arising from a covered cyber incident. The Insured shall also cooperate fully with the Insurer in the investigation, defence, and settlement of such claims.

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Chapter 7: Cyber Extortion and Ransom Coverage;

Coverage applies only if a specific Cyber Extortion and Ransom coverage extension has been purchased.

Ransom Insurance Coverage refers to a specialized insurance policy designed to protect businesses and organizations from the financial impact of ransom demands and extortion threats related to cyber incidents. This coverage helps mitigate the costs associated with ransom payments, recovery efforts, and other expenses incurred as a result of a cyber attack where the perpetrators demand payment in exchange for restoring access to compromised systems or data.

1. Scope of Coverage:

Cyber Extortion and ransom Insurance covers any losses incurred by businesses or relinquished to extortionists as a result of a cyber-attack. Cyber Extortion and ransomware Insurance can provide cover in the event of:

- Ransomware and other malware attacks
- Theft of funds through wire transfer fraud and other phishing scams
- Denial of service attacks
- Business interruption caused by system downtime or malicious/or non malicious cyber events
- Damage to business devices or software as a result of a cyber attack
- Data breaches as a result of employee theft
- Data breaches occurring because of the loss of business devices and hardware

Ransom Payment Coverage
Covers the cost of ransom payments demanded by cybercriminals to restore access to encrypted data or systems.

Extortion Costs
Provides coverage for expenses related to cyber extortion threats, including negotiation fees and expert consulting services.

Legal and Regulatory Costs
Covers expenses for legal advice, regulatory fines, and compliance requirements related to data breaches and cyber extortion incidents.

Crisis Management and Public Relations
Provides support for managing the public relations impact and crisis communication in the aftermath of a cyber attack.

Technical Support
Covers costs for forensic investigations and technical support to address and resolve vulnerabilities exploited during an attack.

2. Definition:

Ransom Payment Coverage:
Reimburses the insured for the cost of ransom payments made to cybercriminals to regain access to encrypted data or systems.

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Data Recovery Costs:

Assists with the costs associated with restoring and recovering data that has been compromised, encrypted, or otherwise rendered inaccessible due to a cyber attack.

Legal and Regulatory Costs:
Covers expenses related to legal defense, regulatory fines, and compliance requirements arising from data breaches or extortion incidents, including costs for notification and remediation efforts.

Crisis Management and Public Relations:
Provides support for managing the impact on the organization's reputation and public image, including costs for public relations services and communication strategies to mitigate the fallout from the incident.

Technical Support and Forensics:
Covers costs for forensic investigations and technical support to understand the cause of the breach, assess the damage, and implement measures to prevent future incidents.
Purpose of Ransom Insurance Coverage:

1. Exclusions

This policy does not provide coverage for the following:

1. Intentional or Fraudulent Acts
    - Any ransom or extortion related to incidents where the insured or their employees, agents, or contractors are found to have engaged in intentional or fraudulent activities to facilitate or perpetrate the ransom event.
2. Pre-Existing Vulnerabilities
    - Ransom demands arising from vulnerabilities or deficiencies in cybersecurity practices or systems that existed prior to the inception of this policy or were known to the insured but not disclosed.
3. Illegal or Unlawful Activities
    - Incidents related to illegal or unlawful activities, including but not limited to criminal acts performed by the insured or their employees.
4. Losses Due to Negligence
    - Claims resulting from gross negligence or failure to implement reasonable security measures, such as lack of encryption, failure to apply security patches, or ignoring known risks.
5. Coverage for Ransom Payments in Cryptocurrencies
    - Ransom payments demanded or made using cryptocurrencies or other digital currencies, unless explicitly agreed upon in writing by the insurer.
6. Losses Due to Insufficient Data Backup
    - Losses or damages resulting from the inability to restore data due to inadequate or improperly managed backup systems.

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7. Third-Party Claims
    - Claims related to third-party ransom demands or extortion attempts, including those involving clients or partners of the insured unless specified in the policy.
8. Losses Related to Intellectual Property Theft
    - Claims arising from theft or misuse of intellectual property, including trade secrets or proprietary information, which is not directly related to the ransom event.
9. Regulatory Fines and Penalties
    - Any fines, penalties, or sanctions imposed by regulatory bodies or government authorities due to non-compliance or failure to protect sensitive information.
10. Business Interruption from Non-Cyber Sources
    - Business interruption losses resulting from non-cyber related sources or events, such as natural disasters, physical damage to property, or other unrelated incidents.
11. Cost of Rebuilding or Upgrading Systems
    - Costs associated with the upgrading or replacement of systems or infrastructure following a ransom event, except for data recovery and incident response services.
12. Loss of Reputation
    - Any claims related to reputational damage, loss of customer trust, or brand degradation resulting from a ransom event.
13. Unapproved Ransom Payments
    - Costs or payments related to ransom demands that were not pre-approved or negotiated in accordance with the insurer's guidelines and procedures.

14. Costs Not Directly Related to the Ransom Event
    - Costs not directly associated with the ransom event or extortion threat, including but not limited to costs for general administrative expenses or unrelated business operations.

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Chapter 8: Cyber Non-Malicious Indemnity;

Coverage applies only if a specific Cyber Non-Malicious Indemnity coverage extension has been purchased.

Cyber Non-Malicious Indemnity coverage is designed for organizations that seek to mitigate risks associated with inadvertent errors, accidental data breaches, and unintentional system disruptions.

1. Definitions

1. **Non-Malicious Cyber Event:** An incident resulting from unintentional actions, errors, or system malfunctions that do not involve malicious intent or unauthorized access.
2. **Covered Event:** An incident that results in loss or damage to digital systems or data due to unintentional actions, including but not limited to configuration errors, software bugs, or accidental data deletion.
3. **Exclusions:** Incidents resulting from malicious activities, such as hacking, ransomware, or other intentional cyber attacks, are not covered under this policy.

2. Coverage

The policy covers the following:

1. **Incident Response Costs:**
    - Costs incurred for emergency response and remediation efforts directly related to a non-malicious cyber event, including technical support and forensic analysis.
2. **Data Restoration Costs:**
    - Expenses for restoring or recovering data lost or damaged due to a non-malicious cyber event, including backup recovery and data reconstruction.
3. **System Repair and Replacement Costs:**
    - Costs for repairing or replacing systems affected by a non-malicious cyber event, including hardware and software repairs or replacements.
4. **Business Interruption Losses:**
    - Reimbursement for lost income due to the interruption of business operations resulting from a non-malicious cyber event, up to the policy limits.
5. **Notification and Communication Costs:**
    - Costs associated with notifying affected parties and communicating the non-malicious cyber event, as required by applicable laws or regulations.

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3. Exclusions

This policy does not cover:

1. **Malicious Cyber Events:**
    - Losses or damages resulting from intentional malicious actions, including but not limited to hacking, phishing, and ransomware attacks.
2. **Pre-existing Issues:**
    - Losses or damages arising from issues or conditions that existed before the effective date of this policy.
3. **Regulatory Fines and Penalties:**
    - Fines, penalties, or regulatory enforcement actions resulting from non-compliance with data protection laws or regulations.
4. **Indirect Costs:**
    - Costs related to reputational damage, loss of customer trust, or other indirect or consequential damages.

Chapter 9: General Exclusions - applicable to all sections

This policy DOES NOT cover:

9.1 Ransom: **In case no ransom cover extension is specifically purchased** - Any loss, claim, or expense arising directly or indirectly from the Insured's voluntary payment or reimbursement of ransom, extortion demands, or any similar payment requested by a third party as a result of a cyber incident. This exclusion applies regardless of the circumstances surrounding the ransom demand, including but not limited to threats of data destruction, denial-of-service attacks, or any other form of cyber-related extortion.

The Insurer will not be liable for any costs, fees, or expenses incurred by the Insured in connection with the negotiation, facilitation, or payment of ransom, nor shall the Insurer be responsible for any consequential losses resulting from the Insured's decision to make such payments.

This exclusion is applicable whether or not the Insured has sought the Insurer's consent or advice regarding the ransom demand. The Insured is strongly discouraged from engaging in ransom payments, and any decision to do so is at the Insured's own risk.

9.2 War: War, invasion, acts of a foreign enemy, hostile acts or such activity as war (if declared or not), civil war, military takeover, revolution, illegal takeover of government, siege.

9.3 Nation-State Attacks: Losses or damages resulting from cyber attacks conducted by or on behalf of a nation- state or government entity.

9.4 Nuclear or Radiation Events: Losses or damages caused by nuclear reactions, nuclear radiation, or radioactive contamination.

9.5 Intentional Acts: Losses or damages resulting from intentional, willful, or malicious acts by the Insured or their employees.

9.6 Criminal Activities: Losses or damages arising from any criminal or fraudulent activities by the Insured or their employees are not covered under the policy.

9.7 Pre-existing Conditions: Losses or damages related to a cyber incident that was known or should have been known by the Insured before the policy's effective date.

9.8 Failure to Implement Security Measures: Losses or damages resulting directly from the Insured's failure to implement reasonable and industry-standard cyber security measures as per Annexure A of the policy and the cyber risk assessment recommendations.

9.9 Breach of Contract: Losses arising from breaches of contract or contractual disputes not directly related to a covered cyber incident.

9.10 Property Damage: Physical or accidental loss or damage to physical property, machinery, and buildings.

9.11 Employee Dishonesty: Losses caused by dishonest or fraudulent acts committed by employees of the Insured.

9.12 Loss of Goodwill: Losses resulting from loss of goodwill, market share, or damage to the Insured's reputation.

9.13 Intellectual Property Infringement: Claims arising from the infringement of intellectual property rights, including patents, copyrights, and trademarks.

9.14 Product Liability: Claims related to products or services provided by the Insured, excluding those directly tied to a covered cyber incident.

9.15 Unapproved System Changes: Losses resulting from unapproved changes to computer systems, networks, or security configurations.

9.16 Non-Cyber Events: Losses or damages caused by events unrelated to cyber incidents, such as natural disasters, fire, flood, or other perils explicitly excluded in the policy.

9.17 Insurance under this policy does not cover loss or damage caused directly or indirectly by or from:

a. Theft during or after the covered cyber incident.

b. Depreciation, gradual deterioration, wear and tear, climatic conditions, corrosion, rust, pollution.

c. Malicious acts of the Insured or with the Insured's assistance.

d. Explosion of tanks, boilers, machines or instruments used with pressure, including damage to contents.

e. Failure to provide service by an Internet service provider, any provider or another public service provider communication

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Chapter 10: General Terms and Conditions

This policy, the Certificate of Insurance and any and all other documents attached to the policy, will be read as one contract, and every word or phrase specifically defined in any chapter of this policy or the Certificate of Insurance, will have the same meaning anywhere they appear in that chapter.

10.1 The policy has been issued based on the information given to the Insurer by the Insured, and the Insurer assumes the Insured has given full, exact, correct and truthful information upon which the Insurer has evaluated the proposed risk for insurance and the Insured has taken all damage-prevention measures required by the Insurer for reduction of risks Insured under this policy.

10.2 The Insured will notify the Insurer in writing, during the period of insurance, of any substantial change, immediately after the Insured is aware of such change. If the Insured fails to do so – the Insurer can cancel the policy or reduce the scope of its liability.

10.3 More than one Policy (Dual / Double Insurance)

If at the time any claim arises under the policy there is any other insurance covering the same loss, damage or liability, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability.

The Insurers shall not be liable to pay or contribute more than their rateable proportion of any losses as a result of a covered cyber incident which are claimable by law by the Insured from any public, state and / or statutory fund.

10.4 Payment of Premium (The following will not apply to Chapter 5, where the policy will apply as a second layer only.)

a. Premiums and all other amounts due from the Insured in respect to this policy will be paid to the Insurer in full as stated in the Certificate of Insurance by commencement date of the policy.

b. Non-payment of premium will result in the automatic cancellation of the policy from inception without prior notification from the Insurer.

c. Policy fees stated in the Certificate of Insurance, as an integral part of the premium, are non-refundable in event of either cancellation or revocation of cover.

10.5 Cancellation of the Insurance

a. The Insured may cancel the policy at any time by giving a written notice to the Insurer. In such event, the Insurer will cancel the policy immediately.

b. The Insurer can cancel the policy at any time, by giving the Insured a written notice 15 days in advance.

c. The Insured must pay the full Premium for the Insurance Period. There is no refund of the Premium or any part of it if the policy is terminated or cancelled before the end of the Insurance Period.

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10.6 Calculating the Compensation

Any amount due to the Insured under this policy for loss or damage covered under this policy will be calculated and paid according to the value of the Insured property damaged as was prior to the Insured event, and not more than the limit of indemnity stated in the Certificate of Insurance.

10.7 Reinstatement

The Insurer can at its own discretion reinstate or replace the damage or destroyed property or part thereof, rather than pay the amount of loss or damage, or can share with other Insurers doing so, though the Insurer will not be obliged to reinstate accurately or fully, unless circumstances reasonably allow.

This section will not become effective regarding a person that a reasonable Insured would not sue for damages or compensation because of family relationship or employer-employee relationship.

10.8 Notices

a. The Insured will give notices to the Insurer to the address of the Insurer or to the address of the management agency signed on this policy and/or to the fax number stated in the policy.
b. The Insurer will give notices to the Insured to the address stated in the Certificate of Insurance or to any other address known to the Insurer as given to the Insurer by the Insured, including an "e-mail".

10.9 Prohibition of admittance

No admittance and/or proposal and/or promise and/or commitment and/or compensation will be given and/or made by the Insured and/or on the Insured's behalf without the prior written consent of the Insurer. This is not applicable to giving details to the police nor to testimony in criminal court.

10.10 Cooperation

The Insured and/or the beneficiary will give the Insurer within a reasonable time after being asked to do so, all information and documents required for considering the Insurer's liability, and if same are not in their possession, they will assist the Insurer to obtain same.

a. If this requirement is not fulfilled on time, and its fulfillment could enable the Insurer to reduce its liability, the Insurer will be liable up to the state it would have been liable if such duty was fulfilled. This section is not valid in the following events:
    i. The Insured fulfills this duty at a later date due to justified reasons.
    ii. The failure to fulfill such duty did not prevent the Insurer from considering the Insurer's liability and was not a burden.
b. If the Insured intentionally did anything which could prevent the Insurer from considering its liability or put a burden on the Insurer or gave false information or concealed information, the Insurer will not be liable under this policy.

10.11 Measures for reduction of risk

The Insured will take all measures to minimise the Insured risk under this policy, as the Insurer will notify the Insured in writing from time to time during the period of insurance regarding recommendations arising from the assessments, and within the time set in the Insurer's notices.

The Insured must ensure that their personnel are reliable, and take any precautions to prevent cyber incidents and follow any law, and preserve a reasonable level of care of the Insured’s conducting of business.

10.12 Territorial scope

The territorial scope of this policy will be that stated in the Certificate of Insurance or those as defined in the chapters of this policy.

10.13 Jurisdiction

All disputes and/or claims under this policy will be set in an appropriate court of law in the United Kingdom and according to English Law, unless explicitly agreed and stated otherwise in the Certificate of Insurance.

The Insurer will not be obligated by court rulings against the Insured by any other courts than described above, unless otherwise agreed by the Insurer in writing.

10.14 Basis of Insurance

The limits of indemnity stated in the Certificate of Insurance of this policy are not agreed amounts. The limits of indemnity are the maximum amount, per chapter, of compensation for a covered cyber incident – subject to all terms and conditions and limitations of this policy. It is important to note that the overall coverage provided by this policy is subject to an annual aggregated maximum limit of indemnity.

10.14.1 Individual Chapter Limits of Indemnity: The policy provides coverage for different Chapters including Cyber Business Interruption, Cyber Directors and Officers, Cyber Third Party Liability, and Cyber Professional Indemnity. Each chapter of the policy specifies its own limit of indemnity, which represents the maximum amount payable for covered claims or losses under that specific chapter.

10.14.2 Aggregate Limit of Indemnity: While each chapter of the policy has its own limit of indemnity, the overall coverage provided by this policy is subject to an annual aggregated maximum limit of indemnity. This means that regardless of the individual limits of indemnity applicable to each chapter, the total amount payable for all covered claims as a result of a cyber incident during the policy period shall not exceed the aggregate limit specified in the Certificate of Insurance.

10.14.3 Application of Aggregate Limit: In the event that multiple claims arising out of a cyber incident occur during the policy period, the aggregate limit of indemnity will apply to the total sum of all covered claims, regardless of the chapter under which they fall. Once the aggregate limit is exhausted, no further indemnity shall be payable under the policy for the remainder of the policy period.

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10.14.4 Certificate of Insurance: The specific details of the individual chapter limit of indemnity and the annual aggregated maximum limit of indemnity are outlined in the Certificate of Insurance.

10.14.5 Claims Handling: In the event of a claim, the insurer will assess the coverage under each applicable chapter and apply the respective limit of indemnity. If the total sum of all covered claims or losses exceeds the aggregate limit of indemnity, the Insurer shall proportionately reduce the payment to each claim to ensure compliance with the aggregate limit.

Chapter 11: Definitions

"Business"	*means*	the description shown in the Certificate of Insurance.
"Claim against the Insured"	*means*	a. a written demand for monetary or non-monetary damages or injunctive relief against an Insured b. a civil, criminal or penal judicial, administrative, investigative or regulatory proceeding, or arbitration commenced against an Insured by the service of a statement of a claim or similar pleading, the receipt or filing of a notice of charges, hearing or proceeding, the return of an indictments or laying of information, or a notice of intent to arbitrate or similar document c. a proceeding commenced by the receipt by the Insured of a complaint made to or by the Information Regulator or a similar governmental regulatory body a. Regulatory claim means: b. A. Any request for information, demand for civil investigation or official investigation against the insured by administrative or regulatory authority or similar governmental body, regarding a privacy violation or possible violation of privacy violation regulations; or, c. B. Any administrative judicial proceeding against the insured taken by an administrative or regulatory authority or government body Similarly, for violation of privacy violation regulations.
"Claim Expenses"	*means*	reasonable and necessary costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees of directors, officers or employees or overheads of the Insured organisation or any subsidiary) incurred in defending or investigating claims or circumstances which might reasonably lead to a claim, if incurred by the Insurer or by the Insured with the prior written consent of the Insurer.
"Computer System"	*means*	interconnected electronic, wireless, web, or similar systems (including all hardware, software and physical components thereof and the data stored thereon) used to process data or information in analogue, digital, electronic or wireless format, including but not limited to associated input and output devices, mobile devices, networking equipment and electronic backup facilities. A computer system means- A computer system only if the insured has direct operational control over it or is under control. The direct operational of a service provider, and used to process, save or store the digital assets of the insured.
"Cyber"	*means*	Of, relating to, or involving computers or computer networks (such as the internet) and:

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		a. Phishing attacks or social engineering schemes aimed at obtaining sensitive information or credentials through deceptive means. b. Unauthorised actions by third parties that result in data breaches or system compromises.
"Data"	*means*	the Insured's machine readable information, including ready for use programs or electronic data, irrespective of the way it is used and rendered including but not limited to, text or digital media.
"Denial of Service Attack"	*means*	unauthorised or unexpected interference or deliberate attack on the Insured's computer system which restricts or prevents access to the Insured's computer system by persons authorised to access same.
"Digital Multimedia Activities"	*means*	the publication or broadcast by the Insured of any digital media content including text, graphics, audio and video content.
"Downstream Attack"	*means*	a. the unauthorised use of or unauthorised access to the computer system of a third party provided such is attained through the Insured's computer system b. the participation by the Insured's computer system in a denial of service attack directed against the computer system of a third party; or c. the transmission of malicious code from the Insured's computer system to the computer system of a third party
"Employee"	*means*	a. any person under a contract of service or apprenticeship with the Insured b. any labor master or labor-only subcontractor or person supplied by any of them c. any self-employed person d. any person under a contract of service or apprenticeship with another employer and who is hired to or borrowed by the Insured e. any person participating in any Government or otherwise authorised work experience, training, study exchange, or similar scheme while engaged in working for the Insured in connection with the business.
"Expenses"	*means*	all claim expenses, crisis management expenses, notification expenses, first party expenses, loss of business income, and initial response expenses.

"Initial Response Expenses"	*means*	the following reasonable and necessary fees and expenses incurred by the Insured, subject to the Insurer's prior written consent, which shall not be unreasonably withheld: a. of specialists, investigators, or loss adjusters retained by the Insurer or the Insured (with prior written consent of the Insurer) to conduct a review or audit to substantiate that a network security breach is or has occurred or to determine the scope, cause, or extent of any theft or unauthorised disclosure of information or data or privacy breach.
"Insured" either in singular or plural,	*means*	a. the Insured organisation b. subsidiaries of the Insured organisation; and c. Insured person
"Insured Organisation"	*means*	those organisations designated in the Certificate of Insurance.
"Insurer"	*means*	KIC

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"Loss"	*means*	a. Claim expenses resulting directly from a claim b. amounts which the Insured is legally obligated to pay resulting directly from a claim in respect of (i) judgements or awards rendered against the Insured (ii) regulatory fines, penalties or punitive damages imposed by a governmental regulatory body, to the extent payable and insurance under the law governing this policy; or (iii) settlements which have been approved or negotiated by the Insurer **"Loss"** does not include a. profits, restitution, or disgorgements of profits by any Insured b. the cost to comply with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief c. return or offset of fees, charges, royalties or commissions for goods or services already provided or contracted to be provided d. non-compensatory damages (except to the extent covered at (b.ii) above), multiple or liquidated damages e. fines or penalties (except to the extent covered a (b.ii) above) f. any damages, fines, penalties or awards which are the result of an industry wide, non-firm specific regulatory inquiry or action g. any amount which the Insured is not financially or legally obliged to pay h. loss of any remuneration or financial advantage to which the Insured was not legally entitled i. any matters which may be deemed uninsurable under the law governing this policy or the jurisdiction in which a claim is brought; and j. matters relating to any laws other than the ones pursuant to which this policy may be construed.
"Malicious Code"	*means*	software designed to infiltrate or damage the computer system without the Insured's consent by a variety of forms, including but not limited to computer viruses, spyware, Trojan Horses, worms and logic bombs.
"Network Security Breach"	*means*	failure by the Insured to protect against a downstream attack, or unauthorised access to, unauthorised use of, theft of data from, denial of service attack directed against or transmission of malicious code to the Insured's computer system, including physical theft of the Insured's computer system, or any part thereof.

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"Notification Expenses"	*means*	those reasonable and necessary expenses incurred by the Insured and approved by the Insurer within 1 (one) month of the Insured notifying the Insurer of the cyber incident, to comply with governmental privacy legislation or guidelines mandating, or recommending as best practice, notification in the event of a privacy breach or network security breach, including but not limited to reasonable and necessary legal expenses, communication expenses through mail, call center (for a period of up to 90 (ninety) days unless otherwise required by applicable law, regulation or agreed by the Insurer) and website, and customer support expenses including credit monitoring and identity theft education and assistance.
"Period of Restoration"		(i) for loss of business income, after 48 hours notification period have passed following the actual impairment or denial of the Insured's business activities having occurred; and will continue until the earlier of the following (but always subject to a maximum period of 30 (thirty) days after the applicable notification period as set out in the Certificate of Insurance for business interruption. (i) the date the Insured's business activities are restored, with due diligence and dispatch, to the condition that would have existed had there been no network security breach; or (ii) 30 (thirty) days after the date an Insured's computer system is fully restored, with due diligence and dispatch, to the condition that would have existed had there been no network security breach. The period of restoration shall commence from the date the Insured becomes aware of the covered cyber incident and continue until the Insured's business operations are restored to the pre-incident level, OR until the cost of restoration maximum indemnity limit specified in the Certificate of Insurance is reached, whichever occurs first.
"Policy Period"	*means*	the period of time from the effective date to the expiration date specified in the Certificate of Insurance, or any earlier cancellation date.
"Privacy Breach"	*means*	1. A statutory, regulatory or common law breach of confidentiality, infringement, or violation of any right to privacy, which results in harm to employees of the Insured or third parties, including but not limited to unauthorised access to or collection, use, or disclosure of a person's personal information, which are

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under the supervision, possession or control of the insured, including such information kept on paper or stored in a computer system operated by or on behalf of the insured, breach of the Insured's privacy policy, breach of a persons' right of publicity, false light or intrusion upon a person's seclusion.

2. Theft of data, unauthorized access to non-public personal information or unauthorized use of such information, including such information kept on paper or stored on a computer system operated by the insured or on his behalf; that has caused or may cause harm to the privacy or confidentiality of non-public personal information. More than one security breach resulting from the same or a series of acts, mistakes or continuous omissions, repeated or related, will be considered a single security breach, which will be considered to have occurred for the first time at the time of the aforementioned first security breach.

"Proposal Form"	*means*	the application for this policy and any policy of which this policy is a renewal or replacement; it comprises the proposal form and/or any other information submitted in connection with the application, or at any later date.
"Sensitive Systems"	*means*	all systems (including all hardware, software and physical components thereof and the data stored thereon) visible to external networks and/or used to store/process sensitive information.
"Sensitive Information"	*means*	a. any confidential or proprietary non-public information of the Insured or third party, including but not limited to patents, copyrights and trademarks, computer programs or customer information; or b. any confidential non-public information relating to a natural person, including but not limited to payment card, banking, financial, contact and medical information.

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"Subsidiary"	*means*	any organisation, including but not limited to any corporation, partnership, limited liability corporation, unlimited liability corporate, association, trust or other entity in which the Insured organisation either directly or indirectly: a. holds or controls the majority of voting rights b. has the right to appoint or remover or otherwise controls a majority of the board of directors, or board of trustees, or the functional equivalent; or c. holds more than half of the issued share or equity capital.
"Theft of Data"	*means*	the unauthorised taking, misuse, modification, deletion, corruption, destruction or disclosure of data, or information including but not limited to charge, debit, and credit information, banking, financial and investment services account information, proprietary corporate information, and personal, private and confidential information, whether in paper or electronic format.
"Third Party"	*means*	any entity or natural person, provider, however, third party does not mean a. any Insured b. any other entity or natural person having a financial interest or executive role in the operation of the Insured organisation or any subsidiary.
"Unauthorised Access"	*means*	the actual gaining of access to a computer system by an unauthorised person or persons or an authorised person in an unauthorised manner.
"Unauthorised Use"	*means*	The use of a computer system by an unauthorised person or persons or an authorised person in an unauthorised matter, including false communications or social engineering techniques designed to trick the user into surrendering personal information (such as "phishing" or "pharming").

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Annexure A

MINIMUM SECURITY REQUIREMENTS

The Insured shall take all reasonable steps to maintain its data and information security procedures to a standard no less that those standards and security measures disclosed and filled out in the Proposal Form which forms the basis of this policy.

In addition, the Insured undertakes to comply fully with the Insurer's minimum IT security requirements as specified hereunder on commencement of and throughout the duration of this policy.

1.1 Perimeter protection and segmentation of networks based on sensitivity of the information being protected. Regular scans or reviews, not less than once per quarter, be conducted of the perimeter to ensure no unpatched devices, insecure open ports or known vulnerable protocols are exposed.

1.2 All sensitive systems secured in accordance with the Insured's technical security requirements and/or standards.

1.3 Endpoint protection and response such as "anti-virus and/or anti-malware software" should be implemented on all desktops, laptops and sensitive systems (where applicable and in accordance with best practice demands) and kept up to date as per the software provider's recommendations.

1.4 Security related patches and updates applied on sensitive systems within 6 (six) months of release by the provider and applied automatically on endpoints.

1.5 Password controls implemented on sensitive systems. These controls must include:

1.5.1 Password length of at least 7 (seven) characters comprising lowercase letters, uppercase letters, numbers and symbols

1.5.2 User account passwords changed at least every 120 (one hundred and twenty) days

1.5.3 User accounts configured to lockout as a result of at most 20 (twenty) failed authentication attempts

1.5.4 Accounts prevented from re-using the same password for at least 5 (five) changes

1.5.5 All default installation and administration accounts to be secured through either disabling/deleting the account or changing the password from the default password

1.5.6 Where possible all default installation and administration accounts which can be directly authenticated with and are not secured through disabling/deleting the account must be renamed on endpoints and servers

1.5.7 All unused installation and administration accounts must be disabled or deleted within 90 (ninety) days.

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1.6 Administrative interfaces such as Remote Desktop Protocol (RDP) are not accessible via the open internet. Where such interfaces are required, these are accessible exclusively over secured channels such as multi-factor authenticated Virtual Private Network (VPN) connections. Administrative interface connections are secured via using one of the following:

1.6.1 cryptographic certificate-based authentication.

1.6.2 out of band second factor authentication (e.g. one time password (OTP))

1.6.3 account lockout as a result of at most 20 (twenty) failed authentication attempts.

1.6.4 fail to block firewall rules whereby at most 20 (twenty) failed authentication attempts within 5 minutes from the same Internet Protocol (IP) address results in a firewall rule automatically being added to drop connection requests from the specific IP address.

1.7 Account privileges must be restricted to the minimum required levels to perform required business functions. Where possible and as applicable local administrator privileges must be restricted or completely removed from regular domain accounts.

1.7.1 For IT users separation between admin accounts and day to day user accounts

1.7.2 Network Service accounts used to run applications on multiple servers should be assigned on a least privileged basis, should not be given administration privileges wherever possible and should be denied interactive logon rights.

1.7.3 Domain Administrator Accounts should be kept to a minimum and carefully protected using complex passwords with regular password changes.

1.8 Controls implemented to restrict wireless network access to sensitive systems and sensitive information to authorised users. Controls to include:

1.8.1 enabling encryption of wireless network traffic

1.8.2 changing default access passwords to complex passwords comprising lowercase letters, uppercase letters, numbers and symbols

1.8.3 implementing authentication to access the wireless network; and

1.8.4 where possible restricting wireless network access to known devices

1.9 Controls implemented to restrict physical access to offices, server rooms/sensitive processing facilities and if applicable remote locations including disaster recovery sites to authorised users.

1.10 The system and/or activity logs for all sensitive systems stored for a minimum period of 6 (six) months. Wherever possible, these logs should be offboarded to a central read-only location for audit purposes.

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1.11 User privileges for users with access to sensitive systems and sensitive information must be revoked within 30 (thirty) days of termination of employment at the Insured and where notified for termination of employment at a service provider.

1.12 In order to qualify for cover under Chapter 3 Direct Costs incurred to reinstate equipment damaged as a result of a Cyber Incident, specifically section 3.4 Data Recovery:

1.12.1 documented and management approved disaster recovery and business continuity plans.

1.12.2 backups generated at least weekly.

1.12.3 monitor for the successful generation of backups.

1.12.4 Backups are taken offsite or stored in an "out-of-band" network at regular intervals to prevent tampering or malicious destruction.

1.12.5 test the ability to restore data from backups at least every 6 (six) months.

1.13 End of Life Software should be upgraded where possible or segregated from the core network by means of network and identity segregation, to avoid being used as a point of compromise.

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