

Identity Fraud, Inc.
Breach Expense Protection

Breach Expense Protection benefits are subject to the terms of our customer agreement and this indemnity agreement (“agreement”) and collectively, in conjunction with the risk mitigation deliverables provided in your **IFI Product**. Please read the entire agreement to determine your rights and duties and what is and what is not provided for under this agreement. Words and phrases that appear in boldface are defined in Clause II. **DEFINITIONS**.

In consideration of your payment and in reliance upon **your** statements in **our** application and its attachments and the material incorporated in **our customer agreement** therein, and made a part hereof, **we** agree as follows:

I. INDEMNITY AGREEMENT

A. Event Management Coverage

We shall pay **you** for all **event management expenses**, in excess of any applicable retention, resulting from a **personal identity event** first occurring during **your term** and reported to **us** within the **notice period**.

B. Network Interruption Coverage

We shall pay **you** for all **network interruption costs**, in excess of any applicable retention, resulting from a **material interruption** first occurring during **your term** and reported to **us** within the **notice period**.

C. Cyber Extortion Coverage

We shall pay **you** for all **cyber extortion loss**, in excess of any applicable retention, resulting from a **security threat** first occurring during **your term** and reported to **us** within the **notice period**.

II. DEFINITIONS

- A. Corporate identity information** means any information from which a business entity (whether for-profit or not-for-profit) may be uniquely and reliably identified, including information sufficient to allow a person not associated with such business entity to fraudulently emulate such business entity.
- B. Computer system** means any computer hardware, software or related components thereof that are under **your** ownership, operation and control, including hardware, software or components leased by **you**, and linked together through a network of two or more devices accessible through the Internet or **your** network, or connected through data storage or other peripheral devices.
- C. Control group** means the senior executive officer, senior financial officer or employee, senior information technology officer or employee, senior risk manager and senior legal officer or employee of each **customer**, regardless of the title of such persons.
- D. Covered expenses** means **event management expenses, network interruption costs and cyber extortion loss**.
- E. Customer** means **you** or each person or entity purchasing an **IFI Product**.
- F. Customer agreement** means the agreement pursuant to which **we** provide **our IFI Product** to **you** for a specific **Term**.
- G. Cyber extortion loss** means the (1) monies paid by **you**, with **our** prior written consent, to terminate or end a **security threat** that would otherwise result in harm to **you**, and (2) **your** reasonable costs to conduct an investigation to determine the cause of a **security threat**.
- H. Event Management Expenses** means the following reasonable and necessary expenses and costs incurred by **you** within one year of a **personal identity event** for the following:
- (1) to conduct an investigation (including a forensic investigation) to determine the cause of the **personal identity event**, provided, however, that this section is subject to a maximum sublimit payment amounting to no more than \$100,000 in your **Term**;
 - (2) for a public relations firm, crisis management firm or law firm agreed to by **us** to advise **you** on minimizing the harm to **you** from the **personal identity event**, including, without limitation, maintaining and restoring public confidence in **you**, provided, however, that this section is subject to a maximum sublimit payment amounting to no more than \$100,000 in your **Term** for law firm expenses and separately, \$100,000 for public relations and/or crisis management;

- (3) to notify those whose **private information** is the subject of the **personal identity event** and advise of any available remedy in connection with the **personal identity event**, including, without limitation, those expenses and costs for printing, advertising and mailing of materials;
- (4) for identity theft education and assistance, victim cost reimbursement insurance, and credit file or identity monitoring for those whose **private information** is the subject of the **personal identity event**, provided, however, that this section 4 and section 3 above, are together subject to a maximum quantity sublimit in your **Term** that restricts the number of persons receiving notification and assistance as provided herein, which number of persons is limited to and calculated at 10% of the monetary limit as provided in your program, wherein a **covered expenses** limit of \$25,000 would restrict the number of persons receiving notifications to 2,500; and
- (5) to restore, recreate or recollect **private information** that is damaged, destroyed or unrecoverable as a result of a **personal identity event** and/or to determine whether such **private information** can be restored, recreated or recollect.
- I. **IFI Product** means SB Core Protector, Core Cyber, Liability Toolkit or any similarly-constructed product offered, directly or indirectly, by us and subject to our **service agreement** and for which this agreement attaches to and becomes a part thereof.
- J. **Information holder** means a third party that: (1) a **customer** has provided **private information** to; or (2) has received **private information** on behalf of a **customer**.
- K. **Material interruption** means the actual and measurable interruption or suspension of **your** business directly caused by the failure or violation of the security of **your computer system**. A “failure or violation of security” includes the unauthorized access or unauthorized use of, a denial of service attack on or receipt or transmission of malicious code by a covered **computer system**.
- L. **Network Interruption Cost** means the below listed costs incurred by **you** during, or within thirty (30) days after the end of, a **material interruption** (or thirty (30) days after the **material interruption** would have ended if **you** exercised due diligence and dispatch) but at least eight (8) hours after the **material interruption** began:
- (1) costs that would not have been incurred but for a **material interruption**; and
- (2) the sum of all of the following, calculated on an hourly basis:
- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned; and
- (b) continuing normal operating expenses incurred, including payroll.
- M. **Notice period** means the following period of time that **you** shall have to notify us that a **personal identity event** or **material interruption** or **security threat** has occurred:
- (1) the sixty (60) day period beginning immediately upon any member of **your control group’s** first discovery of a **personal identity event**; or
- (2) the ten (10) day period beginning immediately upon the commencement of a **material interruption**, or
- (3) the ten (10) day period beginning immediately upon any member of **your control group’s** first discovery of a **security threat**.
- N. **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, or protected personal information under any similar federal, state, local or foreign law;; 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, or protected health-related information under any similar federal, state, local or foreign law.
- O. **Personal identity event** means any event involving **you** that has resulted in, or could reasonably result in, the fraudulent use of **private information**, that is or was in **your** care, custody or control or the care, custody or

control of an **information holder**. All **event management 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**. **Personal identity event** also means any violation of a federal, state, foreign or local privacy law alleged in connection with an event involving **you** that has resulted in, or could reasonably result in, the fraudulent use of **private information** or any failure to disclose an event as required by any federal, state, foreign or local privacy breach notice law.

- P. **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.
- Q. **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.
- R. **Private information** means **personally identifiable information** and **corporate identity information**.
- S. **Security threat** means any threat or connected series of threats to commit an intentional attack against a **computer system** for the purposes of demanding money, securities or other tangible or intangible property of value from **you**.
- T. **Term** means the twelve (12) month period following **your** first purchase of a monthly or annual **IFI Product**. Each **term** may be renewed for subsequent one-year **terms** subject to the terms and conditions of the applicable **customer agreement**.
- U. **We, us** and **our** means Identity Fraud, Inc. and/or our insurer, if applicable.
- V. **You, your** means the **customer** contracting with us per our **customer agreement**.

III. DUTIES UPON THE OCCURRENCE OF A PERSONAL IDENTITY EVENT, SECURITY THREAT OR MATERIAL INTERRUPTION

- A. Before indemnity coverage will apply under this agreement for a **personal identity event, security threat or material interruption, you** shall notify us in writing as soon as practicable within the **notice period** of such event. Notice must include:
 - (1) A description of the **personal identity event**; and
 - (2) A copy of all notices and correspondence received by or sent from **you** concerning the **personal identity event, security threat or material interruption**.
- B. Under all circumstances, **you** shall not admit any liability, assume any financial obligation, pay any money, or incur any expense in connection with any **personal identity event, security threat or material interruption** without **our** prior written consent. If **you** do, it will be at **your** own expense. Further, **you** shall not take any action, or fail to take any action, without **our** prior written consent, which prejudices **our** rights under this agreement.

IV. EXCLUSIONS

This agreement shall not apply to:

- A. any **personal identity event, material interruption, security threat or covered 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, if committed by any of your:
 - (1) directors, officers, trustees, general or managing partners or principals, or senior leaders of a religious or non-profit organization (or equivalent positions), whether acting alone or in collusion with other persons; or
 - (2) employees (other than referenced in sub-paragraph (1) above), if any of those referenced in sub-paragraph (1) above participated in, approved of, acquiesced to, or knew or had reason to know prior to the act of such dishonest, fraudulent, criminal or malicious act, error or omission, or intentional or knowing violation of the law, that caused a direct loss to an **insured** or any other person.
- B. any **covered expenses** arising out of or resulting from a suit, action or proceeding against **you** that is brought by or on behalf of any federal, state or local government agency;

- C. any **covered 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 **personal identity event** or **material interruption** 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 **your** operational control;
- E. any **personal identity event**, **material interruption** or **security threat** 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**, **material interruption** or **security threat** that was not properly reported to us during the **notice period**;
- G. any **personal identity event**, **material interruption** or **security threat** which began before the effective date of the **customer agreement** or after the termination of such **customer agreement**, or that relates to or is a continuation of a **personal identity event** beginning before the effective date of the **customer agreement**;
- H. any expenses incurred for, or as a result of, regularly scheduled, recurring or routine security assessments, regulatory examinations, inquiries or compliance activities;
- I. any (1) gaining of a profit or advantage to which **you** are not legally entitled; or (2) solely with respect to **event management expenses** and **cyber extortion loss**, **your** operating or internal expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;
- J. any liability or obligation **you** have under any contract or agreement; however, this exclusion shall not apply to the obligation you would otherwise have in the absence of such contract or agreement;
- K. any **personal identity event** arising out of or resulting, directly or indirectly, from the infringement of copyright, patent, trademark, trade secret or other intellectual property rights; or
- L. any **personal identity event** 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.

V. COVERED EXPENSES LIMITS

- A. The most we shall pay for the total of all **covered expenses** arising out of all **personal identity events** and **material interruptions** and **security threats** affecting **you** during **your term** is the amount identified in our **customer agreement** for the **IFI Product** you purchased, regardless of the number of **personal identity events** and **material interruptions** and **security threats** affecting **you** during **your term**.
- B. All **covered expenses** resulting from the same, continuous, related or repeated **personal identity event(s)** or **material interruption(s)** or **security threat(s)** affecting **you** shall be subject to the terms, conditions, exclusions and indemnity **covered expenses** limits in effect for **you** at the time the first such **personal identity event** or **material interruption** or **security threat** occurred.

VI. OTHER PROVISIONS AFFECTING THIS AGREEMENT

A. Territory

Subject to its terms, conditions and exclusions, this agreement applies to **personal identity events**, **material interruptions** and **security threats** occurring, and **covered expenses** incurred, anywhere in the world.

B. Legal Action Against Us

No person or organization has a right under this agreement:

- (1) to join **us** as a party or otherwise bring **us** into a **suit** asking for damages from **you**; or
- (2) to sue **us** on this agreement unless all of its terms have been fully complied with.

A person or organization may sue **us** to recover on an agreed settlement or on a final judgment against **you** obtained after an actual trial; but **we** will not be liable for amounts that are not payable under the terms of this agreement or that are in excess of the applicable **covered expenses** limits. An agreed settlement means a settlement and release of liability signed by **us** and the claimant or the claimant's legal representative.

C. Subrogation

In the event of any payment under this agreement, **we** shall be subrogated to the extent of such payment, to all of **your** rights of recovery arising out of a covered **personal identity event, material interruption or security threat**.

You shall do whatever is necessary, including signing documents, to help **us** obtain any recovery **we** may seek. To the extent **we** make a payment under this agreement and, prior or subsequent to such payment, **you** receive any amount from any other person or entity in connection with or arising out of an event with respect to which **we** made such payment, **you** shall immediately remit such amount to **us** up to the amount of **our** payment.

D. Other Insurance/Indemnity

This agreement shall be primary with respect to any other valid and collectible insurance available to **you**, unless such other valid and collectible insurance is also stated to be primary. In that case, **we** will share with all other insurance by the method described below.

- (1) If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach, each party shall contribute equal amounts in excess of the applicable Retention until it has paid its applicable limit of insurance/covered expenses or none of the loss remains, whichever comes first.
- (2) If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each party's share shall be based on the ratio of its applicable limit to the total applicable limits of coverage of all parties.

E. Assignment

This agreement and any rights provided by this agreement are not assignable without **our** written consent.

F. Changes

Changes to the provisions of this agreement shall be made only by written addendum issued by **us** and made a part of this agreement.

G. Reimbursement

Payments made under this agreement to or on behalf of **you** shall be repaid to **us** by **you** in the event and to the extent that **you** shall not be entitled to such payment.

H. Alternative Dispute Resolution

It is hereby understood and agreed that all disputes or differences which may arise under or in connection with this agreement, whether arising before or after termination of this agreement, including any determination of the amount of **covered expenses**, must first be submitted to the non-binding mediation process as set forth in this clause.

The non-binding mediation will be administered by any mediation facility to which **you** and **we** mutually agree, in which **you** and **we** shall try in good faith to settle the dispute by mediation in accordance with the American Arbitration Association's ("AAA") then-prevailing Commercial Mediation Rules. The parties shall mutually agree on the selection of a mediator. The mediator shall have knowledge of the legal, corporate management, insurance or indemnity issues relevant to the matters in dispute. The mediator shall also give due consideration to the general principles of the law of the state where **you** are incorporated in the construction or interpretation of the provisions of this agreement. In the event that such non-binding mediation does not result in a settlement of the subject dispute or difference:

- (1) either party shall have the right to commence a judicial proceeding; or

(2) either party shall have the right, with all other parties consent, to commence an arbitration proceeding with the AAA that will be submitted to an arbitration panel of three (3) arbitrators as follows: (a) **you** shall select one (1) arbitrator; (b) **we** shall select one (1) arbitrator; and (c) said arbitrators shall mutually agree upon the selection of the third arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing Commercial Arbitration Rules.

provided, however, that no such judicial or arbitration proceeding shall be commenced until at least ninety (90) days after the date the non-binding mediation shall be deemed concluded or terminated. Each party shall share equally the expenses of the non-binding mediation.

The non-binding mediation may be commenced in New York, New York; Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; or Walnut Creek, California.

I. Title of Paragraphs

The titles of the various clauses and paragraphs of this agreement are inserted solely for convenience or reference and are not to be deemed in any way to limit or expand the provisions to which they relate, and are not part of this agreement.

J. Cancellation and Non-renewal

There shall be no coverage for any **personal identity event, material interruption or security threat** first reported by **you** after the effective date and time of the expiration, cancellation or non-renewal of **your term**.

This agreement may not be canceled by **you** except as otherwise provided in our **customer agreement**.

K. Organizational Changes

If during **your term**:

- (1) **You** shall consolidate with, merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or
- (2) any person or entity or group of persons or entities acting in concert shall acquire securities or voting rights which result in ownership or voting control by other entities or persons of more than fifty percent (50%) of the outstanding securities representing the rights to vote for the election of **your** directors;

(any of such events being a "**transaction**"), then this agreement shall continue in full force and effect as to a **personal identity event, material interruption or security threats** occurring on or after the beginning of **your term** and prior to the effective time of the **transaction**; provided that such **personal identity event, material interruption or security threats** is first discovered prior to the effective time of the **transaction** and otherwise reported to us during the **notice period** and in accordance with the terms and conditions of this agreement. There shall be no coverage afforded by any provision of this agreement for any **personal identity event, material interruption or security threats** that is first discovered, or that occurs, on or after the effective time of the **transaction**, unless (i) within thirty (30) days of such **transaction**, **we** have been provided with full particulars of the **transaction**, the related entities and any other information requested by **us**, and (ii) **you** or **your** successor, has agreed to any additional fees and amendments to this agreement required by **us**.

Post-**transaction** coverage as described above is conditioned upon **you** or **your** successor paying when due any additional fee required by **us**. This agreement may not be canceled after the effective time of a **transaction** and the entire fee for our **customer agreement** shall be deemed earned as of such time.

<End>