



ASSOCIATION OF COUNTY COMMISSIONS OF ALABAMA LIABILITY SELF-INSURANCE FUND, INC.

PRIVACY OR SECURITY EVENT LIABILITY AND EXPENSE COVERAGE DOCUMENT 2024-2026

PRIVACY OR SECURITY EVENT LIABILITY AND EXPENSE COVERAGE

THIS IS CLAIMS MADE AND REPORTED COVERAGE

The Association of County Commissions of Alabama Liability Self-Insurance Fund, Inc. (hereinafter “the Fund”), in consideration of the payment of premium contributions and in reliance upon and subject to all the terms of the Participation Agreement and any Cyber Liability related underwriting survey, agrees to provide Coverage as stated herein to the Liability Fund Member subject to the statements in the Declarations, the Application, and the Participation Agreement. Accurately responding to the underwriting survey contained within the Liability Renewal Questionnaire, Cyber Section and the Application is a condition of coverage. The term “Covered Person” as that term is used in this Document will be the same as Section C – Persons Covered Under this Coverage Document, paragraph 1 as contained in the Liability Coverage Document.

1. Privacy or Security Event Liability and Expense Coverage Agreement

The following coverages are limited as described in Section 3. The right and duty of the Fund to defend ends when the applicable limit of liability is exhausted in the payment of judgments or settlements, **Regulatory Penalties, Claims Expenses, Privacy Response Expenses, PCI-DSS Assessments, Electronic Equipment and Electronic Data Damage, Network Interruption Costs, Cyber Extortion Expenses, and Cyber Extortion Monies**. This coverage only applies if:

- i. The **Privacy or Security Event** or **Cyber Extortion Threat** commenced on or after the Retroactive Date, if any, shown in the Declarations and before the end of the Coverage Period;
- ii. A **Claim** for damages, because of the **Privacy or Security Event**, is first made against the Covered Person during the Coverage Period or any Extended Reporting Period provided under Section 7; and
- iii. The Covered Person gives written notice to the Fund in accordance with Section 4.

A **Claim** seeking damages will be deemed to have been made when notice of the **Claim** is received by any Covered Person or by the Fund, whichever occurs first.

A. Privacy or Security Event Liability

The Fund will pay those sums a Covered Person becomes legally obligated to pay as damages because of a **Privacy or Security Event**. The Fund will have the right and duty to defend the Covered Person against any **Suit** seeking such damages. However, the Fund will have no duty to defend any Covered Person against any **Suit** seeking damages to which this coverage does not apply. The Fund may at its discretion investigate any **Privacy or Security Event** and settle any **Claim** that may result.

B. Privacy Response Expenses

The Fund will pay for **Privacy Response Expenses** incurred by the Named Member in connection with a **Privacy or Security Event** that results in the actual or reasonably suspected theft, loss, or unauthorized disclosure of or access to **Personal Information**.

C. Regulatory Proceedings and Penalties

The Fund will pay for **Regulatory Penalties** the Covered Person becomes legally obligated to pay as a result of a **Regulatory Proceeding** resulting from a **Privacy or Security Event** if notice of the **Regulatory Proceeding** is received by the Covered Person prior to the end of the Coverage Period or any Extended Reporting Period provided under Section 7. The Fund will have the right and duty to defend the Covered Person against any **Regulatory Proceeding** to which this coverage applies. The Fund may at its discretion investigate any **Privacy or Security Event** and settle any **Claim** that may result.

D. PCI-DSS Assessments

The Fund will pay for **PCI-DSS Assessments** for which a Covered Person is liable if the **PCI-DSS Assessments** are due to noncompliance by the Covered Person with PCI Data Security Standards and the noncompliance resulted in a **Privacy or Security Event**.

E. Electronic Equipment and Electronic Data Damage

The Fund will pay for the Named Member's damage to, loss of use, or destruction of electronic equipment caused by the reprogramming of the software (including the firmware) of such electronic equipment rendering it useless for its intended purpose, the reasonable and necessary expenses to determine whether **Electronic Data** can or cannot be restored, recollected, or recreated, and the reasonable and necessary expenses to restore, recreate, or recollect **Electronic Data** for which a Covered Person incurs as a result of a **Privacy or Security Event**.

F. Network Interruption Costs

The Fund will pay for **Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs** which a Covered Person incurs after the **Waiting Hours Period** and solely as a result of a **Privacy or Security Event**.

G. Cyber Extortion Coverage

The Fund will pay for **Cyber Extortion Expenses** and **Cyber Extortion Monies** the Named Member pays as a direct result of a **Cyber Extortion Threat**.

2. **Deductible**

For each **Privacy or Security Event** and **Cyber Extortion Threat**, the Fund will pay only such amounts as are in excess of the deductible amount shown in the Declarations.

3. **Limits of Liability**

A. **In General**

The limits of liability shown in the Declarations establish the most the Fund will pay regardless of the number of **Privacy or Security Events**, **Cyber Extortion Threats**, Covered Persons, **Claims** made, **Suits** or **Regulatory Proceedings** brought or individuals or entities making **Claims** or bringing **Suits** or **Regulatory Proceedings**.

B. Annual Aggregate and General Annual Aggregate Limits

The Annual Aggregate shown in the Declarations is the most the Fund will pay for all coverages listed in Section 1. above. The General Annual Aggregate shown in the Declarations is the most the Fund will pay for all coverages combined contained in this Coverage and the Liability Coverage Document during any annual period.

C. Non-Stacking of Coverages

Limits for any coverage part in the Liability Coverage Document shall not be combined to increase coverage limits contained in this Coverage and coverage limits contained in this Coverage shall not be combined to increase coverage limits for any coverage part in the Liability Coverage Document. If two or more coverage parts apply to the same claim, the maximum limit of liability under all coverage parts shall not exceed the highest applicable limit of liability under any one coverage part.

4. Notice to the Fund

- A. As a condition precedent to the obligations of the Fund under this coverage, the Covered Person must give written notice to the Fund of any **Claim** made against the Covered Person as soon as practicable, but in no event later than the end of the Coverage Period or any Extended Reporting Period provided under Section 7.
- B. As a condition precedent to the obligations of the Fund under this coverage, the Covered Person must give written notice to the Fund of any **Privacy or Security Event** or **Cyber Extortion Threat** as soon as practicable and provide all such information relating to the **Privacy or Security Event** or **Cyber Extortion Threat** as the Fund may reasonably request.
- C. If during the Coverage Period, any Covered Person becomes aware of a **Privacy or Security Event** that may reasonably be expected to give rise to a **Claim**, including a **Regulatory Proceeding** or **PCI-DSS Assessment**, against any Covered Person, the Covered Person must give written notice to the Fund of such **Privacy or Security Event** as soon as practicable, but in no event later than the end of the Coverage Period or any Extended Reporting Period provided under Section 7. Notice must include:
 - i. A specific description of the **Privacy or Security Event**, including all relevant dates;
 - ii. The names of persons involved in the **Privacy or Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to theft, loss, or unauthorized access or disclosure;

- iii. The specific reasons for anticipating that a **Claim** may result from such **Privacy or Security Event**;
- iv. The specific nature of the alleged or potential damages arising from such **Privacy or Security Event**; and
- v. The specific circumstances by which the Covered Person first became aware of the **Privacy or Security Event**.

Any **Claim** subsequently made against any Covered Person arising out of such **Privacy or Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **Privacy or Security Event** was first reported to the Fund.

5. Exclusions

This coverage does not apply to any **Claim, Suit, Regulatory Proceeding, damages, Regulatory Penalties, Claim Expenses, Privacy Response Expenses, PCI-DSS Assessments, Network Interruption Costs, Electronic Equipment and Electronic Data Damage, Cyber Extortion Expenses, or Cyber Extortion Monies**:

- A. For, arising out of, or resulting from **Bodily Injury or Property Damage**.
- B. For, arising out of, or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written; provided, however, that this exclusion shall not apply:
 - i. To the extent the Covered Person would have been liable in the absence of such contract or agreement; or
 - ii. To amounts payable as **PCI-DSS Assessments**.
- C. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended, or any other federal, state, local, foreign or common law rules or regulations involving antitrust, restraint of trade, unfair competition, or false or deceptive or misleading advertising.
- D. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered hereunder that results from a theft, loss or unauthorized disclosure of or access to **Personal Information**.
- E. For, arising out of or resulting from:
 - i. The actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of the Covered Person; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (*i.e.*, opt-in or opt-out) from the collection, disclosure, or use of **Personal Information**; or

- ii. The distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording, or telemarketing is done by or on behalf of the Covered Person, including actual or alleged violations of:
 - (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
 - (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
 - (3) Any federal, state, or local statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 and their amendments and additions, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the dissemination, recording, sending, transmitting, communicating or distribution of material or information.

F. For, arising out of or resulting from any of the following conduct by a Covered Person:

- i. Any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality, or foreign government, whether such law is statutory, regulatory or common law;
- ii. Any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state blue sky or securities law, any other federal securities law or legislation, or any other similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
- iii. Any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
- iv. Any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability, or pregnancy; or
- v. Any actual or alleged violation of the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair Credit Transactions Act (FACTA).

G. For, arising out of, or resulting from any of the following conduct by a Covered Person:

- i. Any criminal, dishonest, fraudulent, or malicious act or omission;

- ii. Any intentional security breach; or
- iii. Any intentional or knowing violation of the law;

provided, however, the criminal act or omission part of this exclusion shall not apply unless there is a final adjudication of such conduct, an admission of such conduct by the Covered Person, or in a criminal proceeding a plea of guilty, *nolo contendere*, no contest or any similar plea by the Covered Person.

- H. Arising out of the actual or alleged transmission of a communicable disease. This applies even if the claims against any Covered Person allege negligence or other wrongdoing in the: Supervising, hiring, employing, training, or monitoring of others that may be infected with and spread a communicable disease; testing for a communicable disease; failure to prevent the spread of the disease; or failure to report the disease to authorities.
- I. For, arising out of or resulting from any actual or alleged:
 - i. Infringement of patent or patent rights or misuse or abuse of patent;
 - ii. Infringement of copyright arising from or related to software code or software products; or
 - iii. Use or misappropriation of any ideas or trade secrets by a Covered Person or on behalf of, or in collusion with a Covered Person.
- J. Arising out of or resulting from any of the following:
 - i. Trading losses, trading liabilities or change in value of accounts;
 - ii. Any loss of monies, securities, or tangible property of others in the care, custody or control of the Covered Person;
 - iii. The monetary value of any electronic fund transfers or transactions by or on behalf of the Covered Person that is lost, diminished, or damaged during transfer from, to or between accounts; or
 - iv. The value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged.
- K. Bodily injury, property damage, personal injury and advertising injury covered under the General Liability Coverage Part of the Liability Coverage Document.
- L. Bodily injury, personal injury and property damage covered under Law Enforcement Liability Coverage Part of the Liability Coverage Document.
- M. An error or omission covered under Errors and Omissions Liability Coverage Part or Employee Benefits Administration Liability Coverage Part of the Liability Coverage Document.

- N. An employment-related practice covered under Employment Practices Liability Coverage Part of the Liability Coverage Document.
- O. Arising out of or resulting from not having procedures, training, hardware, or software (“systems”) in place for which you stated in the Liability Renewal Questionnaire, Cyber Section or in the Application were in place and the failure to have one or more of these systems in place contributed to or were a cause of the **Privacy or Security Event**.

6. Definitions

The following definitions apply to this coverage:

“Bodily Injury” means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.

“Business Income Loss” means the sum of the following incurred during the **Period of Indemnity**:

- a. Net profits that would have been earned but for the **Material Interruption** (after charges and expenses, but not including any capital receipts, outlays properly chargeable to capital, and deductions for taxes and profits); and
- b. Charges and expenses which necessarily continue (including ordinary payroll).

If there would have been no net profit, **Business Income Loss** means the charges and expenses which necessarily continue less any loss from business operations that would have been sustained had there been no **Material Interruption**.

“Claim” means any demand, **Suit** for damages, **Regulatory Proceeding** or **PCI-DSS Assessment** resulting from a **Privacy or Security Event**. All Claims because of a single **Privacy or Security Event** will be deemed to be a single Claim and to have been made at the time the first such Claim is made against any Covered Person, regardless of the number of individuals or entities making such Claims or the time period over which such Claims are made, even if subsequent Claims are made after the Coverage Period or any Extended Reporting Period provided under Section 7.

“Claim Expenses” means:

- a. Reasonable and necessary fees charged by attorneys designated by the Fund or designated by the Covered Person with the Fund’s prior consent to assist with the investigation, adjustment, negotiation, arbitration, defense, or appeal of a **Claim**;
- b. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense, or appeal of a **Claim** and incurred by the Fund or by the Covered Person with the Fund’s prior consent; and
- c. Premiums on appeal bonds, attachment bonds or similar bonds; however, the Fund is not obligated to apply for or furnish any such bond;

Provided, however, **Claim Expenses** do not include:

- a. Any internal salary, administrative, overhead, or other related expenses of any Covered Person or any charges by a Covered Person for time spent cooperating with the investigation and defense of any **Claim**;
- b. **Privacy Response Expenses**; or
- c. **PCI-DSS Assessments**.

“Computer System” means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. Operated by and either owned by or leased to the Named Member; or
- b. Operated by a third-party service provider and used to provide hosted computer application services to the Named Member or for processing, maintaining, hosting, or storing the Named Member’s **Electronic Data** pursuant to a written contract with the Named Member for such services.

“Cyber Extortion Expenses” means all reasonable and necessary costs and expenses which a Covered Person incurs as a direct result of a **Cyber Extortion Threat**, other than **Cyber Extortion Monies**.

“Cyber Extortion Monies” means any funds, including any cryptocurrency, which the Named Member pays, with the prior written consent of the Fund, for the purpose of terminating the **Cyber Extortion Threat**.

“Cyber Extortion Threat” means a credible threat or series of related credible threats, including, but not limited to, a demand for **Cyber Extortion Monies**, directed at a Covered Person to:

- 1. Release, divulge, disseminate, destroy, or use confidential information taken from the Covered Person as a result of a **Privacy or Security Event**;
- 2. Introduce malicious code into a **Computer System**;
- 3. Corrupt, damage or destroy a **Computer System**;
- 4. Restrict or hinder access to a **Computer System**;

“Electronic Data” means any data stored electronically on a **Computer System**, including without limitation **Personal Information**.

“Electronic Equipment and Electronic Data Damage” means amounts payable by the Fund under Section 1.E.

“Expenses to Reduce Loss” means expenses incurred by the Named Member during the **Period of Indemnity**, over and above normal operating expenses, for the purpose of reducing **Business Income Loss** or shortening the **Period of Indemnity**.

“Extra Expenses” means expenses incurred by the Named Member during the **Period of Indemnity**, other than **Expenses to Reduce Loss**, that would not have been incurred but for a **Material Interruption**.

“Material Interruption” means the actual and measurable interruption or suspension of a Covered Person’s business directly caused by a **Privacy or Security Event**.

“Network Interruption Costs” means amounts payable by the Fund under Section 1.F.

“PCI-DSS Assessment” means any monetary penalty owed by a Covered Person due to the Covered Person’s noncompliance with Payment Card Industry Data Security Standards under an agreement between the Covered Person and a financial institution or other person enabling the Covered Person to accept credit cards, debit cards, prepaid cards, or other payment cards.

“Period of Indemnity” means the period of time beginning after the **Waiting Hours Period** and ending at the earlier of:

- a. In the case of a **Computer System** operated by and either owned by or leased to the Named Member, the time the Named Member restores the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored access to the **Computer System** if the Named Member exercised due diligence and dispatch); or
- b. In the case of a **Computer System** operated by a third-party service provider, the time the service provider restores the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption** (or could have restored access to the **Computer System** if the service provider exercised due diligence and dispatch).

The **Period of Indemnity** shall not be cut short by the end of the Coverage Period.

“Personal Information” means an individual’s name in combination with one or more of the following:

- a. Information concerning the individual that constitutes “nonpublic personal information” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. Medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. The individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual’s financial account information; or
- d. Other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any Covered Person or any local, state, federal, or foreign governmental entity.

“Privacy or Security Event” means:

- a. The actual or reasonably suspected theft, loss, or unauthorized disclosure of or access to **Personal Information** in the care, custody or control of the Named Member or for which the Named Member is legally responsible, regardless of whether such **Personal Information** is maintained in electronic, paper or any other format; or
- b. A violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

Any **Privacy or Security Event** that is continuous or part of a series of repeated or related **Privacy or Security Events** will be considered to be a single **Privacy or Security Event** and will be considered to have commenced when the first such **Privacy or Security Event** commenced regardless of:

- a. The number of individuals or entities engaged in such **Privacy or Security Events**;
- b. The number of individuals or entities affected by such **Privacy or Security Events**;
- c. The number of locations where such **Privacy or Security Events** occurred; or
- d. The number of such **Privacy or Security Events** occurring or period of time over which they occur, even if subsequent **Privacy or Security Events** take place after the Coverage Period.

“Privacy Response Expenses” means the following reasonable and necessary costs incurred by the Named Member within one year of the discovery of a **Privacy or Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the Named Member or for which the Named Member is legally responsible:

- a. For the services of a security expert designated by the Fund to determine the scope and cause of a **Privacy or Security Event** and the extent to which **Personal Information** was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by the Fund to determine the Named Member’s obligations, if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if the Named Member voluntarily elects to give such notice, and for the services of a contractor designated by the Fund to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;

- d. For the services of a contractor designated by the Fund to provide identity theft protection services to affected individuals if the Named Member elects to provide such services; and
- e. For the services of a public relations consultant designated by the Fund to avert or mitigate damage to the Named Member's reputation as a result of the **Privacy or Security Event**;

Provided, however, **Privacy Response Expenses** do not include:

- a. Any internal salary, administrative, overhead, or other related expenses of any Covered Person or any charges by a Covered Person for time spent cooperating with the investigation and response to any **Privacy or Security Event**;
- b. **Claim Expenses**;
- c. **PCI-DSS Assessments**;
- d. **Electronic Equipment and Electronic Data Damage**;
- e. **Network Interruption Costs**;
- f. **Cyber Extortion Expenses**; or
- g. **Cyber Extortion Monies**.

"Proof of Loss Preparation Costs" means fees and expenses incurred by a Named Member for the services of a third-party forensic accounting firm to establish and prove the amount of loss, including those costs in connection with preparing a proof of loss. **Proof of Loss Preparation Costs** does not include any fees or expenses for consultation on coverage or negotiation of claims.

"Property Damage" means damage to, loss of use of, or destruction of any tangible property; however, **Property Damage** does not include the loss of use or damage of electronic equipment caused by the reprogramming of the software (including the firmware) of such electronic equipment rendering it useless for its intended purpose. For purposes of this definition, "tangible property" shall not include **Electronic Data**.

"Regulatory Penalties" means any civil fine or civil monetary penalty imposed in a **Regulatory Proceeding** payable by a Covered Person to the governmental entity bringing the **Regulatory Proceeding** and any sum of money that a Covered Person is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Proceeding**.

"Regulatory Proceeding" means a request for information, civil investigative demand, **Suit**, civil investigation, or civil proceeding commenced by or on behalf any local, state, federal or foreign governmental entity in the entity's regulatory or official capacity.

"Suit" means a civil proceeding arising out of a **Privacy or Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding to which the Covered Person must submit or does submit with the consent of the Fund.

“Waiting Hours Period” means the number of hours set forth in the Declarations that must elapse once a **Material Interruption** has begun.

7. Extended Reporting Periods

A. Applicability

This section applies solely to the coverage provided under Section 1, but no Automatic or Optional Extended Reporting Period will be provided if the Fund (i) cancels such coverage for non-payment of premium, (ii) cancels or rescinds such coverage for material misrepresentation or fraud or (iii) cancels or rescinds such coverage for violation by the Named Member of the charter, bylaws or other rules governing the conduct of members of the Fund.

B. Automatic Extended Reporting Period

- i. Subject to Section 7.A, if the Named Member or the Fund cancels or nonrenews the coverage provided under Section 1, the Named Member will have the right to an Automatic Extended Reporting Period of sixty (60) days, which will commence on the effective date of such cancellation or nonrenewal. During the Automatic Extended Reporting Period, a Covered Person may give notice to the Fund of any **Privacy or Security Event** that commenced on or after the Retroactive Date, if any, shown in the Declarations and before the effective date of the cancellation or nonrenewal and for which a **Claim** was first made against the Covered Person during the Coverage Period or the Automatic Extended Reporting Period. Such notice must be given in accordance with Section 4.
- ii. The Automatic Extended Reporting Period will not apply where an Optional Extended Reporting Period has been purchased or to **Claims** that are covered under any subsequent insurance a Covered Person purchases or that is purchased for a Covered Person’s benefit, or that would be covered by any such subsequent insurance but for the exhaustion of the amount of insurance applicable to the **Claims** or any applicable retention amount.

C. Optional Extended Reporting Period

- i. Subject to Section 7.A, if the Named Member or the Fund cancels or non-renews the coverage provided under Section 1, the Named Member will have the right to purchase an Optional Extended Reporting Period of up to three (3) years, which will commence on the effective date of such cancellation or nonrenewal. During the Optional Extended Reporting Period, a Covered Person may give notice to the Fund of any **Privacy or Security Event** that commenced on or after the Retroactive Date, if any, shown in the Declarations and before the effective date of the cancellation or nonrenewal and for which a **Claim** was first made against the Covered Person during the Coverage Period or the Optional Extended Reporting Period. Such notice must be given in accordance with Section 4.
- ii. The Named Member may purchase an Optional Extended Reporting Period for payment of an additional premium amount of one hundred percent (100%) of the

full annual premium, for a period of one (1) year. Premium will be determined by the Fund for any period longer than one (1) year, but not to exceed three (3) years.

As used herein, "full annual premium" means the annual premium amount charged for the coverage provided in Section 1 plus any premium charged for additional coverage added by endorsement to the coverage provided in Section 1.

- iii. The right to purchase an Optional Extended Reporting Period will terminate unless written notice of election, together with any additional premium due, is received by the Fund no later than thirty (30) days after the effective date of the cancellation or nonrenewal of the coverage provided in Section 1.

D. Conditions Applicable to Extended Reporting Periods

- i. Once in effect, the Automatic or Optional Extended Reporting Period cannot be canceled or rescinded, except by the Fund for material misrepresentation, fraud, or violation by the Named Member of the charter, bylaws or other rules governing the conduct of members of the Fund. Any premium charged for an Optional Extended Reporting Period will be fully earned and nonrefundable at inception of the Optional Extended Reporting Period.
- ii. The Automatic or Optional Extended Reporting Period does not reinstate or increase the limits of liability described in Section 3.