

Cyber Liability Application

Use for Optional Increased Limits greater than \$100,000

NOTICE: THIS APPLICATION IS FOR CLAIMS-MADE AND REPORTED INSURANCE. THE COVERAGE PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS, SETTLEMENTS OR ANY OTHER LOSS WILL BE REDUCED AND MAY BE COMPLETELY EXHAUSTED BY DEFENSE COSTS. DEFENSE COSTS WILL BE APPLIED TO THE RETENTION AMOUNT. READ THE ENTIRE APPLICATION CAREFULLY.

Throughout this Application, the words "You" and "Your" shall mean the Applicant. Please read this Application carefully and answer all questions. If a question is not applicable, answer by stating "Not Applicable" or "N/A". All responses should include information relative to all Subsidiaries¹ and locations to be covered.

I. APPLICANT INFORMATION

Name of Applicant (Legal Entity Name): _____ *(as it should appear on the policy)*

Principal Address: _____

City: _____ State: _____ Zip Code: _____

Contact: _____ Telephone: _____ Facsimile: _____

Email Address: _____ Website: _____

Requested effective date for this coverage (mm/dd/yyyy): _____
(coverage may not be backdated)

Limit Desired: \$250,000 \$500,000 \$1,000,000

1. Current Merchants Mutual insured? YES NO

2. Merchants Mutual policy number (if available): _____

3. Date operations commenced under current ownership: _____

4. Description of operations: _____

5. Annual Gross Revenues: Current Year Projection: _____ Prior Year: _____

6. Do You own any Subsidiaries? YES NO

If "YES" please provide a list of Your Subsidiaries on a separate page, with a description of each Subsidiary's a) nature of operations, b) relationship to You, and c) percentage of ownership by You and Your stockholders/partners.

¹As used in this Application, "Subsidiary" means any legal entity in which you own, directly or indirectly, more than 50% of the issued or outstanding voting securities.

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| 7. Is coverage requested for any entity or organization other than the Applicant and its Subsidiaries?..... | YES | NO |
| a. If "YES" please provide details of each entity or organization on a separate page, including a) nature of operations, b) relationship to You, and c) percentage of ownership by You and Your stockholders/partners. | | |
| b. If "YES", do any such entities or organizations share Your computer network?..... | YES | NO |

For questions 8–12, if any answer is "NO", please provide an explanation on a separate page and submit with this Application.

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| 8. Does Your network have firewall protection that is securely configured?..... | YES | NO |
| 9. Does Your organization use anti-virus software on all desktops/portable devices and servers?..... | YES | NO |
| a. If "YES", is the anti-virus software updated at least on a monthly basis?..... | YES | NO |
| b. If "NO", to question 9.a., please describe on a separate page the process in place to ensure Your anti-virus software is up-to-date. | | |
| 10. Do You enforce privacy and security policies, including mandatory employee training, which must be followed by all employees, contractors, or other individuals or organizations with access to Your network?..... | YES | NO |

| | | |
|--|-----|----|
| 11. Does Your organization store personal and/or confidential data on portable devices, including laptops, cell phones, PDAs, back-up tapes, USB thumb drives and external hard drives?..... | YES | NO |
| a. If "YES", is such data encrypted to industry standards?..... | YES | NO |

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|---|-----|----|
| 12. Does Your organization process, store, transmit or handle credit or debit card data?..... | YES | NO |
| If "YES", are Your data security controls compliant with the Payment Card Industry Data Security Standard (PCI DSS)?..... | YES | NO |

For questions 13-16, if the answer is "YES", please provide an explanation on a separate page and submit with this Application.

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| 13. Does the number of records You store, either electronic or paper, exceed 50,000 records?..... | YES | NO |
| If "YES", please provide the total number of records stored by the Applicant(s):_____ | | |
| 14. Have You or any person or entity proposed for this insurance received any complaints or claims or been the subject in litigation involving matters of privacy injury, identity theft, denial of service attacks, computer virus infections, theft of information, damage to third-party networks or Your customer's ability to rely on Your network?..... | YES | NO |
| 15. Are You or any person or organization proposed for this insurance aware of any security breaches, privacy-related events or incidents, or allegations of breach of privacy?..... | YES | NO |
| 16. Have You or any person or organization proposed for this insurance ever been non-renewed, placed on extension, or declined for similar privacy/security liability coverage?..... | YES | NO |

II. NOTICE TO APPLICANT

The Undersigned acknowledges and understands that, with respect to question 15 above, if knowledge of any such act, error, omission, fact, circumstance, allegation, situation, event or incident exists, whether or not disclosed, any claim or action against you, or any other entity or person proposed for this insurance, arising therefrom is expressly excluded from coverage under the proposed insurance.

III. REPRESENTATIONS AND ACKNOWLEDGEMENTS

- A. The Undersigned represents that the statements, representations and information contained in or attached to this Application are true and complete, and that reasonable efforts have been made to obtain sufficient information to facilitate the proper and accurate completion of this Application.
- B. The Undersigned acknowledges and recognizes that the statements, representations, and information contained in or attached to this Application are material to the risk assumed by the insurer; that any policy will have been issued in reliance upon the truth thereof; and that this Application and all written statements and materials furnished to the Insurer in conjunction with this Application shall be deemed incorporated into and made a part of the policy, should a policy be issued.
- C. The Undersigned acknowledges and agrees that if the information supplied on this Application or in any attachments changes between the date of the Application and the inception date of the policy period, the Applicant will immediately notify the insurer of such change, and the insurer may withdraw or modify any outstanding quotations or agreement to bind the insurance.

Fraud Warning Statements

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|--------------------------------|--|
| <u>NEW JERSEY</u> | "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties." |
| <u>NEW YORK</u> | "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation." |
| <u>OHIO</u> | "Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud." |
| <u>PENNSYLVANIA</u> | "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties." |
| <u>NEW HAMPSHIRE</u> | Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20 |
| <u>ALL OTHER STATES</u> | "Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties." |

Signed: _____ Date: _____

Authorized signature of the President, CEO or COO of the Applicant.

Must be signed and dated no more than 60 days prior to binding coverage.

Print Name: _____ Title: _____