

## NETWORK SECURITY (“CYBER”) LIABILITY

Named Insured: **Lexington-Fayette Urban Co Government**  
 Carrier Name: **National Union Fire Insurance Company of Pittsburgh, PA**  
 A.M. Best Rating **A:XV as of February 27, 2015**

Limit of Liability - \$2,000,000

Coverage Section	Sublimit	Retention	Retroactive Date	Continuity Date
Media Content Insurance	\$2,000,000	\$100,000	07/01/2010	07/01/2014
Security and Privacy Liability Insurance	\$2,000,000	\$100,000	07/01/2010	07/01/2014
Regulatory Action Sublimit	\$2,000,000			
Network Interruption Insurance	\$2,000,000	\$100,000	Not Applicable	07/01/2014
Waiting Period	12 hours			
Event Management Insurance	\$250,000	\$25,000	Not Applicable	07/01/2014
Cyber Extortion Insurance	\$2,000,000	\$100,000	Not Applicable	07/01/2014

Coverage Form Specialty Risk Protector 101013 (11/09)

### Coverage Summary

Each policy varies in the coverage provided, but most defend the organization and pay covered claims involving allegations of “breach of privacy”; “unauthorized access”; and “failure of IT security”.

### Notification Costs

An important additional insurance benefit is reimbursement to the organization for the costs to notify persons who are required to receive formal notice in the event of exposure of personal information. This is a requirement in most states.

### Commonly Used Insuring Clauses

Network Security/Privacy; Media Content Liability; Cyber Extortion; Regulatory Liability; Extra Expense/Business Interruption; Remediation Expenses; Notification costs Reimbursement; Computer Restoration Expenses; and various other clauses, depending upon the insurer.

### Claims Made Basis

Covers a claim made during the policy period for a loss that happened after the retroactive date.

### Endorsements

(See policy for a complete list of coverage limitations and exclusions.)

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## NETWORK SECURITY ("CYBER") LIABILITY CONTINUED

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### Additional Conditions / Endorsements / Exclusions:

Form # 101017 12/13 - Cyber Extortion Coverage Section  
Form # 101018 12/13 - Event Management Coverage Section  
Form # 101021 12/13 - Network Interruption Coverage Section  
Form # 101024 12/13 - Security and Privacy Coverage Section  
Form # 101019 12/13 - Media Content Coverage Section (Claims Made)  
Form # 103703 01/10 - Kentucky Amendatory Endorsement  
Form # 52145 08/12 - Kentucky Cancellation-Nonrenewal Amendatory Endorsement  
Form # 99758 08/08 - Notice of Claim (Reporting By E-Mail)  
Form # 89644 06/13 - Economic Sanctions Endorsement  
Form # 107376 11/10 - E-Discovery Consultant Services Coverage Endorsement  
Form # 105567 05/10 - Criminal Reward Coverage Extension  
Form # 105565 05/10 - Retention Amendatory Endorsement  
Form # 105561 09/11 - Privacy Event Coverage Amendatory Endorsement  
1,000,000 Affected Persons  
100 Minimum Affected Persons  
Approved Vendor: Intelligent Business Concepts, Inc.(IBC)  
Form # 78859 10/01 - Forms Index Endorsement  
Form # 115808 12/13 - Cyberedge Cyber Media Coverage Endorsement  
Form # 113428 02/14 - Cyberedge Loss Prevention Services Endorsement  
Form # 117895 05/14 - Cyberterrorism Coverage Endorsement  
Form # 105170 12/13 - PCI-DSS Assessment Coverage Endorsement \$250,000

Premium: \$26,712.00  
Kentucky Surcharge: \$482.00  
Municipal Tax: \$1,336.00

**Total: \$28,530.00**

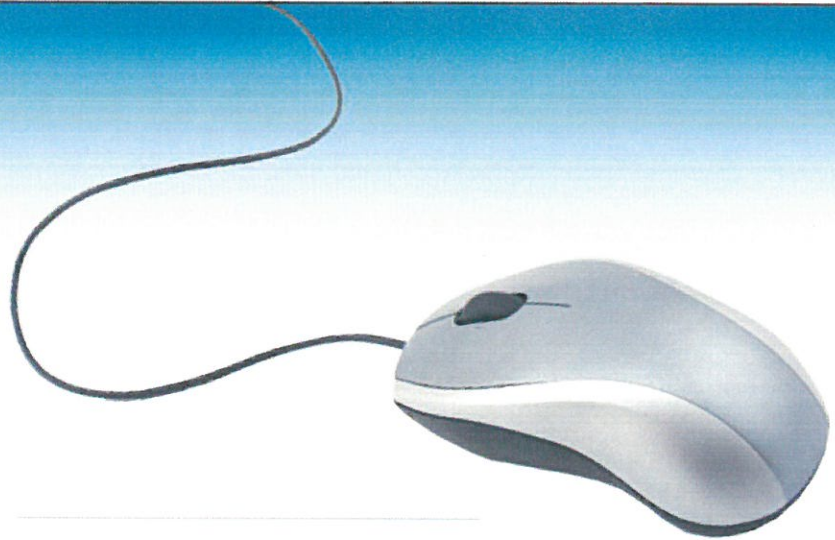
### Optional Quotes:

1. To increase the Event Management Insurance limit from \$250,000 to \$1,000,000 and add Event Response/Electronic Data Sublimits Endorsement with a \$1,000,000 Electronic Data Sublimit and \$250,00 Event Response Sublimit would be an additional premium of \$937.00, for a Total Premium including tax of \$29,467.00
2. To increase the Limit of Liability from \$2,000,000 to \$5,000,000 and increase the Retention to \$150,000 would be an additional premium of \$25,525.00, for a Total Premium including tax of \$54,055.00. A warranty letter would be required for Higher Limits.





**J. Smith Lanier & Co.**  
*Insuring People and Business Since 1868*



## THE BASICS OF

# Cyber Liability

### Privacy Liability

Privacy Liability is meant to provide coverage for the failure to protect Personal Identifiable Information (PII aka Personal Confidential Information) or certain corporate info; also provides coverage for regulatory proceedings brought by a government agency alleging the violation of any state, federal, or foreign identity theft or privacy protection legislation.

### Data Breach Fund

- Forensic Expenses: Covers expenses to retain third party computer forensics services to determine the scope of a failure of Network Security.
- Compliance and Notification Expenses: Covers expenses to comply with privacy regulations including costs to notify customers whose sensitive PII has been breached.
- Crisis Management Expenses: Covers expenses to obtain legal, public relations or crisis management services to restore the company's reputation.
- Credit Monitoring Expenses: Covers the cost of credit monitoring, credit freezing or fraud alert service expenses for breaches of true identity data.

### Network Security Liability

Network Security Liability covers any liability of the organization arising out of the failure of network security, including unauthorized access or unauthorized use of corporate systems, a denial of service attack, or transmission of malicious code.

### Network Extortion

Network Extortion covers extortion monies and associated expenses arising out of a criminal threat to release sensitive information or bring down a network unless consideration is made.

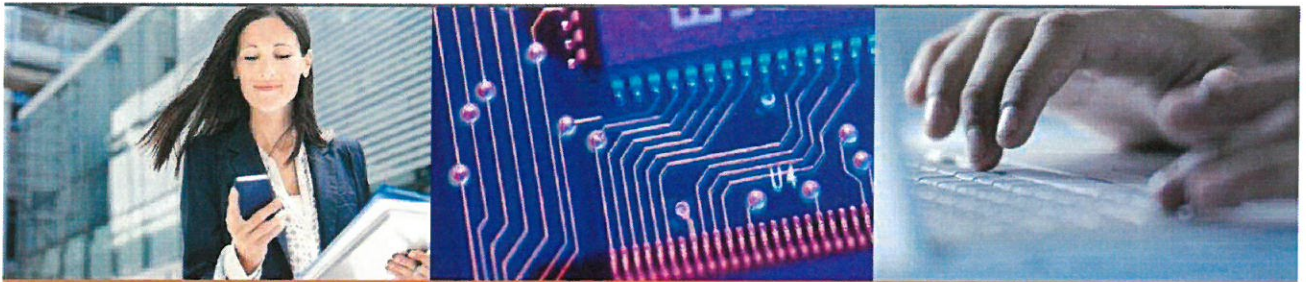
### Internet Media Liability

Internet Media Liability covers infringement of copyright or trade mark, invasion of privacy, libel, slander, plagiarism, or negligence by the organization from the content on it's internet website.

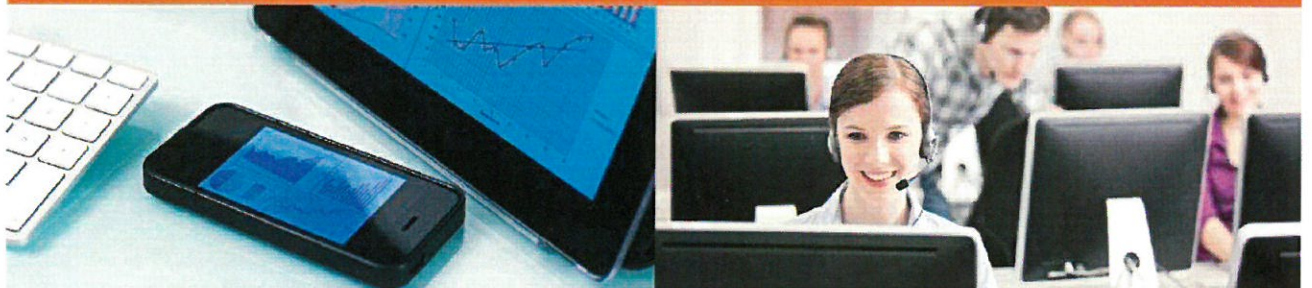
### Regulatory Proceeding

Regulatory Proceeding includes a request for information, demand or civil investigation and is not limited to a regulatory proceeding.





## End-to-End Cyber Risk Management Solutions from AIG


















In a rapidly changing landscape, CyberEdge® provides clients with an end-to-end risk management solution to stay ahead of the curve of cyber risk. CyberEdge helps clients prevent and safeguard against sensitive data breaches, computer hacking, employee error, and more.



# End-to-End Risk Management Solution

From our innovative loss prevention tools to educate and potentially prevent a breach, to the services of our CyberEdge Breach Resolution Team if a breach does occur, insureds receive responsive guidance every step of the way.

Loss Prevention Services	Insurance Coverage	Breach Resolution Team
 Knowledge	 Third-Party Loss Resulting From a Security or Data Breach	 24/7 Guidance: 1-877-890-1259 Supported by IBM
 Training and Compliance Solutions Powered by RiskAnalytics	 Direct First-Party Costs of Responding to a Breach	 Legal and Forensics Services
 IT Security Assessment Services Powered by IBM	 Lost Income and Operating Expense Resulting From a Security or Data Breach	 Notification, Credit, and ID Monitoring
 Consultation	 Threats to Disclose Data or Attack a System to Extort Money	 Crisis Communication Experts
 Proactive Shunning Services Powered by RiskAnalytics	 Online Defamation and Copyright and Trademark Infringement	 Over 15 Years (Since 1999) Experience Handling Cyber-Related Claims

## Tools for Tomorrow

The protection that CyberEdge provides is a valuable additional layer to the most powerful first line of defense against cyber threats—a company's own IT system. Constantly monitoring the cyber landscape, we keep insureds at the forefront of the industry as cyber risks continue to evolve. Our preventative tools provide our clients with the knowledge, training, security, and consultative solutions to help them stay ahead of the curve and our breach resolution team provides responsive guidance based on years of experience.

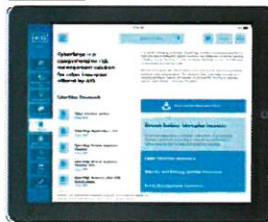
### CyberEdge Mobile App for iPhone®, iPad®, and Android™

The CyberEdge Mobile App combines the latest cyber breach information, news, opinion, and risk analysis users want at their fingertips. With a sleek look and many features globalized, the app is the first-of-its-kind and is now available for the iPad®, iPhone®, and Android.™



#### Going Global

- Data Breach Threat Map displays breaches from around the world.
- Available in English, French, and Spanish.
- CyberEdge marketing documents, applications, and specimen policy language for many countries where coverage is available.



#### User Friendly

- Share, Tweet, or email content from pages in the app.
- Drop down news filter provides focused and relevant search results.
- Learn more about breach notification regulations in the state where the breach occurred right from the Data Breach Threat Map.

### Infrastructure Vulnerability Scanning Powered by IBM

Our qualified clients receive infrastructure vulnerability scanning powered by IBM. IBM will leverage its robust Managed Security Services capability to conduct remote scanning for clients' web-facing external infrastructure, which will help to identify potential vulnerabilities that could be exploited by a remote hacker via the Internet.

In addition, the infrastructure vulnerability scanning service:

- Leverages advanced scanning capabilities to detect and prioritize hidden risks on public-facing and internal network infrastructure.
- Provides a detailed view of a company's vulnerability status so clients can better track, understand, and report on their security posture.
- Prioritizes vulnerabilities so clients reduce their overall threat exposure.
- Unique reporting capabilities to help speed vulnerability identification and remediation.



#### Key Components

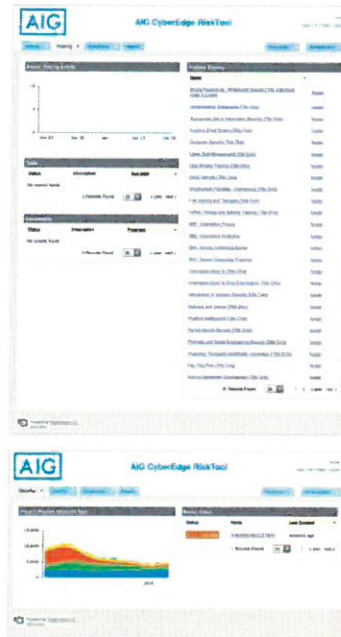
- Reports help demonstrate compliance with federal, state, and industry regulations.
- Assess an environment from either the external or internal perspective.
- IBM Security expertise improves accuracy of findings and reduces mitigation time.
- Consultation on recommendations for improved security.

### CyberEdge RiskTool

CyberEdge RiskTool, our single, web-based platform, helps clients streamline the risk management process. The platform's content is highly customizable and can be tailored specifically to meet a number of risk management needs.

Risk management modules include:

- **Security:** Provides an interface where an IT department can manage a company's shunning technology, which blocks known cyber criminals from communicating with a company's network.
- **Training:** Includes pre-populated training content and tests with an online assignment engine to deploy employee training and awareness with the click of a mouse.
- **Compliance:** Comes pre-loaded with security policy templates that can be accepted or modified to fit each company's needs. Existing policies can also be uploaded and tasked to employees or third-party vendors to confirm receipt and acceptance.



### Proactive Shunning Service Powered by RiskAnalytics

RiskAnalytics provides qualified clients with leading edge intelligence that isolates and shuns bad IP addresses, preventing them from entering and exiting a company's network. With millions of known "bad" actors constantly updated on the current shun list, RiskAnalytics' technology identifies and blocks the largest sources for malware, crimeware, and fraud.

RiskAnalytics will provide qualified insureds with the most appropriate cloud services and/or appliance that best fits an insured's needs and network speeds.



An example of the AutoShun hardware device.

## Responsive Guidance When Needed Most

The CyberEdge Breach Resolution Team is ready to assist insureds as soon as they suspect a potential network breach. If a breach is suspected to occur, insureds will be connected with our CyberEdge Breach Resolution Team with over 15 years' worth of experience in handling cyber-specific claims. Insureds have access to an IBM supported hotline for IT professionals to consult on identifying key indicators of a breach. Backed by the strength of our extensive vendor network, the CyberEdge Breach Resolution Team provides the additional layer of support an IT department needs to face a cyber attack.

The CyberEdge Breach Resolution Team Provides:

#### Rapid Support When Needed the Most

- Our team has local presence supported by global resources.
- This structure allows our experts to manage unfolding events and quickly respond to inquiries.
- Claims specialists have the authority to promptly make decisions and rapidly assist clients who may have just faced a breach.

#### Long-Established Expert Vendor Network

- IBM and our expert network of legal firms, forensic investigators, public relations firms, and more offer immediate support for our insureds facing a cyber attack, anytime and anywhere.
- When a breach event occurs, time is of the essence. Having a response plan in place with access to third-party resources will help you efficiently and cost-effectively respond to and recover from a breach.

#### Unprecedented Claims Handling Experience

- Since introducing cyber liability insurance in 1999, we have helped thousands of companies and more than twenty million individuals respond to a cyber attack.
- The breadth of our claims inventory means that we are uniquely positioned to identify and anticipate claim trends and settlement values.
- On average, our claims specialists have more than seven years of industry experience handling the most complex first-party and third-party cyber claims.

Need to Report a Breach?  
Call our CyberEdge  
Breach Resolution Team at  
1-877-890-1259



### Claim Benefits

- 24/7 access to our call center for claim reporting and guidance now supported by IBM.
- Single point of entry to report, acknowledge, and process claims in a timely fashion.
- Access to our local claims specialists on the ground around the world.
- Complimentary one-hour consultation with a breach coach and access to a breach response team to prepare for a cyber attack.
- Access to a panel of domestic and international attorneys with local expertise in handling cyber claims.
- Access to eRisk Hub, powered by NetDiligence,® containing tools and vendor information to minimize the effects of a breach.

## Key Coverage Advantages

**Security and privacy liability insurance** covers third-party claims arising from a failure of the insured's network security or a failure to protect data. Insurance also responds to regulatory actions in connection with a security failure, privacy breach, or the failure to disclose a security failure or privacy breach.

**Event management insurance** responds to a security failure or privacy breach by paying costs of notifications, public relations, and other services to assist in managing and mitigating a cyber incident. Forensic investigations, legal consultations, and identity monitoring costs for victims of a breach are all included.

**Network business interruption** responds to a material interruption of an insured's business operations caused by a network security failure by reimbursing for resulting lost income and operating expenses.

**Cyber extortion insurance** responds to the threat of intentional security attacks against a company by an outsider attempting to extort money, securities, or other valuables. This includes monies paid to end the threat and the cost of an investigation to determine the cause of the threat.

**Cyber media insurance** addresses the liability faced by companies that distribute media content via their website. Coverage provided for numerous perils including copyright infringement, trademark infringement, defamation, and invasion of privacy.





## Cyber Risk Travels the World

Through our global service platform Passport, powered by AIG Multinational, clients are provided an efficient and seamless way to stay ahead of the curve of cyber risk. Add the expertise of our local teams who have the know-how in the places where you do business. Count on the CyberEdge Breach Resolution Team for responsive guidance and assistance services that follow the sun. Our end-to-end risk management solution knows no borders.

### Better, Faster, and More Efficient Global Protection

Passport is a simple, effective means to far-reaching global advantages, including:

- Coverage that is admitted locally and in sync with local laws, regulatory requirements, language, and customs.
- Access to local experts in underwriting, claims, and litigation management.
- Easy to understand coverage, coordinated worldwide.

### A Less Complex Way to Address Global Cyber Security Exposure

- Passport makes securing the necessary protection against cyber risk around the world as simple as possible.
- A client receives one proposal detailing the terms of its global cyber program, including the worldwide policy and any requested locally admitted policies.
- The outlined coverage is accepted and it is done.
- Appropriate local policies are issued through our local offices around the world. Local policies are crafted in accordance with local regulations, industry practices, and exposures.<sup>1</sup>

<sup>1</sup> Limits are subject to capacity management; certain countries may limit the availability of either a single aggregate or a separate world limit.

### Did You Know?

#### Local laws and regulations sometimes:

- Require that a cyber policy be issued by a locally licensed carrier.
- Prohibit a local operation from having its parent company's policy pay claims directly into that country.
- May not be effectively addressed, or even considered, in the wording of a global policy.



### Passport for CyberEdge Destinations

- Austria
- Australia
- Bahrain
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- Colombia
- Cyprus
- Czech Republic
- Denmark
- Ecuador
- Finland
- France
- Germany
- Greece
- Hong Kong
- Hungary
- Ireland
- Israel
- Italy
- Japan
- Kuwait
- Lebanon
- Luxembourg
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Oman
- Panama
- Philippines
- Poland
- Portugal
- Puerto Rico
- Qatar
- Romania
- Russia
- Singapore
- Slovakia
- Spain
- South Africa
- South Korea
- Sweden
- Switzerland
- Taiwan
- Turkey
- UAE
- United Kingdom
- United States
- Uruguay

New destinations are added constantly, so please check with a Passport representative for more information.

\*Special handling and additional premium required for Brazil.

### Want to Learn More?

Email us at [CyberEdge@aig.com](mailto:CyberEdge@aig.com) • Visit us at [www.aig.com/CyberEdge](http://www.aig.com/CyberEdge) • Download the CyberEdge Mobile App



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## Bring on tomorrow

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[CyberEdge@aig.com](mailto:CyberEdge@aig.com)

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Additional information about AIG can be found at [www.aig.com](http://www.aig.com) | YouTube: [www.youtube.com/aig](http://www.youtube.com/aig) | Twitter: @AIG\_InstNews | LinkedIn: [www.linkedin.com/company/aig](http://www.linkedin.com/company/aig)

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01/14

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