



बीमा समिति
BEEMA SAMITI

नेपालको बीमा नियमनकारी निकाय
Insurance Regulatory Authority of Nepal



बि.शा. ९२ (२०७६-७७) च.नं. २१२८

श्री नेपाल इन्स्योरेन्स कम्पनी लिमिटेड
कमलादी, काठमाण्डौ ।

मिति : २०७६/०८/०८

नेपाल इन्स्योरेन्स कम्पनी लिमिटेड

प्रधान कार्यालय
दता नं. १४१२

मिति २०७६/०८/०८

विषय : पुनः स्वीकृति बारे ।

यस समितिमा प्राप्त तहाँको मिति २०७६/०७/१९ (च.नं. ७३/३५२)को "Cyber Insurance Policy" पुनः स्वीकृतिको सम्बन्धमा लेखिदैछ ।

उपरोक्त सम्बन्धमा तहाँबाट पुनः स्वीकृतिको लागि पेश भै आएको उक्त बीमालेखलाई प्रचलित बीमा ऐन, बीमा नियमावली, बीमा समितिबाट जारी भएका तथा भविष्यमा जारी हुने निर्देशनहरु समेतको अधिनमा रहने गरी पुनः स्वीकृति प्रदान गरिएको व्यहोरा निर्देशानुसार अनुरोध गरिन्छ ।

(आकाशा वज्राचार्य)
सहायक-निर्देशक

Cyber Risk Protector

Schedule

Policy Number:

1. **Policyholder**
2. **Policyholder's Main Address**
3. **Inception Date** (dd/mm/yyyy)
4. **Policy Period** From: (dd/mm/yyyy) To :(dd/mm/yyyy)
Both days inclusive at the **Policyholder's** main address
5. **Limit of Liability and Sublimits**
Aggregate **Limit of Liability** per **Policy Period** for all **Loss** of all **Insured's** Under all insurance covers combined (A, B, C, and any **Optional Extension** Which is purchased): Rs.

The following aggregate sub limits are per claim. They are part of and not in addition to the aggregate **Limit of Liability**:

Data Administrative Investigations: Rs.
Data Administrative Fines: Rs.
Pro-active Forensic Services: Rs.
Repair of the Company's Reputation: Rs.
Repair of the Individual's Reputation: Rs.
Restoring, recreating, or recollecting Electronic Data: Rs.

6. **Optional Extensions and Sublimits**
MultiMedia Liability: Rs. [.....]
Cyber/Privacy Extortion: Rs. [.....]
Network Interruption: Rs. [.....]

7. **Retention**
General Policy **Retention:** Rs.
Network Interruption: Rs.
Waiting Hours Period:
Rs.

8. **Annual premium**

9. **Retroactive Date**

10. **Insurer & Address**

11. **Claims Notice**

(Authorized Signature)

Coverage

In consideration of the payment of the annual premium and subject to all of the provisions of this policy the **Insurer** and the **Policyholder** agree as follows:

Cover under this policy is written specifically on a primary basis and are provided solely for **Claims** first made against an **Insured** during the Policy Period and reported to the **Insurer** in accordance with the conditions of this policy.

It applies only to acts, errors or omissions of an **Insured** committed after the **Retroactive Date**.

A. DATA LIABILITY

A.1 Loss of Personal Information

The **Insurer** will pay to or on behalf of any **Insured** all **Damages** and **Defence Costs** which arise out of a **Claim** by a **Data Subject** against the **Insured** in respect of an actual or alleged **Qualifying Breach of Personal Information**.

A.2 Loss of Corporate Information

The **Insurer** will pay to or on behalf of any **Insured** all **Damages** and **Defence Costs** which arise out of a **Claim** by a **Third Party** against the **Insured** in respect of an actual or alleged **Qualifying Breach of Corporate Information**.

A.3 Outsourcing

The **Insurer** will pay to or on behalf of any **Company** all **Damages** and **Defence Costs** which arise out of a **Claim** by a **Third Party** against an **Outsourcer** (where the **Company** has a contractual duty to indemnify) and which arises from any actual or alleged breach of duty by the **Outsourcer** in regards to the processing of **Personal Information** and/or **Corporate Information** on behalf of the **Company** (for which the **Company** is liable).

A.4 Network Security

The **Insurer** will pay to or on behalf of any **Insured** all **Damages** and **Defence Costs** which arise out of a **Claim** by a **Third Party** against the **Insured** which is caused by any act, error or omission by the **Insured** resulting in:

(i) the introduction of any unauthorized software, computer code or virus to **Third Party Data** on the **Company's Computer System** which is specifically designed to disrupt the operation of or corrupt or damage any software or data recorded on the **Company's Computer System**;

(ii) the denial of access to an authorised **Third Party** to its **Data**;

(iii) the wrongful appropriation of a network access code from the **Company**;

(iv) the destruction, modification, corruption, damage or deletion of **Third Party Data** stored on any **Computer System**;

(v) the physical theft of the **Company's Assets** by a **Third Party**, or its physical loss; or

(vi) the disclosure of **Third Party Data** by an employee of the **Company**.

B. ADMINISTRATIVE OBLIGATIONS

B.1 Data Administrative Investigation

The **Insurer** will pay to or on behalf of any **Insured** all **Professional Fees** (not to exceed the Sublimit stated in item 5 of the Schedule) for legal advice and representation in connection with any **Regulatory Investigation**.

B.2 Data Administrative Fines

The **Insurer** will pay to or on behalf of any **Insured** all **Data Administrative Fines** (not to exceed the Sublimit stated in item 5 of the Schedule) that the **Insured** is legally obligated to pay upon the conclusion of a **Regulatory Investigation** arising out of a breach of **Data Protection Law**.

C. REPUTATION AND RESPONSE COSTS

C.1 Pro-active Forensic Services

The **Insurer** will pay to or on behalf of any **Company** all **Professional Fees** (not to exceed the Sublimit in item 5 of the Schedule) of forensic cyber risk specialists for the purpose of substantiating whether a **Qualifying Breach of Data Security** has occurred/is occurring and identifying the cause of the breach and for making recommendations as to how this may be prevented or mitigated.

Such **Professional Fees** can only be incurred from the date of notification to the **Insurer** in accordance with clause 5.1.

C.2 Repair of the Company's Reputation

The **Insurer** will pay to or on behalf of any **Company** all **Professional Fees** (not to exceed the Sublimit stated in item 5 of the Schedule) of independent advisors (including, but not limited to, legal advice concerning media strategy, crisis consulting and independent public relations services) for the management of any action reasonably required to prevent or mitigate the potential adverse effect of a **Newsworthy Event** including the design and management of a communications strategy.

Such **Professional Fees** can only be incurred from the date of notification to the **Insurer** in accordance with clause 5.1 to the date falling 185 days after such notification.

C.3 Repair of the Individual Reputation

The **Insurer** will pay to or on behalf of any director, chief compliance officer, **Data Protection Officer** or General Counsel of a **Company** all **Professional Fees** (not to exceed the Sublimit stated in item 5 of the Schedule) for advice and support from an independent public relations consultant, in order to mitigate or prevent damage to their individual (personal and professional) reputation due to an actual or alleged **Qualifying Breach of Data Security** or breach of **Data Protection Law**.

Such **Professional Fees** can only be incurred from the date of notification to the **Insurer** in accordance with clause 5.1 to the date falling 185 days after such notification.

C.4 Notification to Data Subjects

The **Insurer** will pay to or behalf of the **Insured** all **Professional Fees**

(not to exceed the Sublimit stated in item 5 of the Schedule) in relation to the investigation, collation of information, preparation for and notification to **Data Subjects** and/or any relevant **Regulator** of any alleged or actual **Qualifying Breach of Data Security** or breach of **Data Protection Law**.

C.5 Monitoring

The **Insurer** will pay to or on behalf of the **Company** all **Professional Fees** (not to exceed the Sublimit stated in item 5 of the Schedule) for credit monitoring services for possible misuse of any **Personal Information** as a result of an actual or alleged **Qualifying Breach of Data Security** or breach of **Data Protection Law**.

C.6 Electronic Data

The **Insurer** will pay to or on behalf of the **Company** all **Professional Fees** (not to exceed the Sublimit stated in item 5 of the Schedule) to:

- (i) determine whether **Data** held by the **Company** on behalf of a **Third Party** can or cannot be restored, recollected, or recreated; and
- (ii) recreate or recollect **Data** held by the **Company** on behalf of a **Third Party** where backup systems fail to capture such **Third Party Data** or it is corrupted or lost because of a technical failure or because of the negligence or default of an operator or other person lawfully charged with that responsibility.

Optional Extensions

Optional Extensions are subject to the terms, conditions, definitions and exclusions of this policy and the additional terms, conditions, definitions and exclusions in this section.

D. MULTIMEDIA LIABILITY

D.1 MultiMedia Liability

In consideration of the additional premium paid, the **Insurer** will pay to or on behalf of any **Company** all **Damages** and **Defence Costs** (not to exceed the Sublimit stated in item 6 of the Schedule) which arise out of a **Claim** by a **Third Party** against the **Company** solely in the performance of or failure to perform **MultiMedia Activities** arising from the following alleged or actual wrongful acts:

- (i) defamation, including but not limited to libel, slander, or disparagement of trade, reputation or the character of any person or organization, or infliction of emotional distress or mental anguish arising from the foregoing;
- (ii) unintentional infringement of copyright, title, slogan, trademark, trade name, trade dress, mark, service mark, service name or domain name, whether by deep-linking or framing or otherwise;
- (iii) plagiarism, piracy or misappropriation or theft of ideas or information;
- (iv) invasion, infringement or interference with rights of privacy or publicity, false light, public disclosure of private facts, intrusion and commercial appropriation of name, persona or likeness;
- (v) unfair competition, but only if alleged in conjunction with any of the acts listed in (i) – (iv) above; or
- (vi) liability arising out of the **Insured's** negligence in respect of any digital media content.

D.2 Definitions

Multimedia Activities

means the publication or broadcast of any digital media content.

D.3 Exclusions

Product Descriptions

This Extension shall not cover **Loss** arising out of, based upon or attributable to the actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products, or services and any cost guarantees, cost representations, or contract price estimates, the authenticity of any goods, products or services, or the failure of any goods or services to conform with any represented quality or performance standards.

Financial Data

This Extension shall not cover **Loss** arising out of, based upon or attributable to errors made in any financial data that the **Company** publicises including, but not limited to, the **Company's** annual report and accounts and any communications to the stock market.

E. CYBER/ PRIVACY EXTORTION

E.1 Cyber/Privacy Extortion Liability

In consideration of the additional premium paid, the **Insurer** will pay to or on behalf of the **Insured** all **Extortion Loss** (not to exceed the Sublimit stated in item 6 of the Schedule) that an **Insured** incurs solely as a result of an **Extortion Threat**.

E.2 Definitions

Extortion Loss

means any:

(i) monies paid by an **Insured** with the **Insurer's** prior written consent to prevent or end an **Extortion Threat**; or

(ii) **Professional Fees** for independent advisors to conduct an investigation to determine the cause of an **Extortion Threat**.

Extortion Threat

means any threat or connected series of threats, for the purpose of demanding monies, communicated to the **Insured** to prevent or end a **Security Threat**.

Security Threat

means any threat to the **Computer System** that may result in an actual or alleged **Qualifying Breach of Data Security** causing financial harm to the **Company**.

E.3 Exclusions Government Entity or Public Authority

This Extension shall not cover any **Extortion Loss** arising out of, based upon or attributable to any **Extortion Threat** made by any government entity or public authority.

Conditions

The **Insured** shall use its best efforts at all times to ensure that knowledge regarding the existence of the insurance for **Extortion Loss** afforded by this policy is kept confidential. If the existence of insurance for **Extortion Loss** provided by this policy enters into the public domain or is revealed to a person presenting a **Security Threat** through no fault of the **Insurer**, the **Insurer** may terminate the insurance provided by this policy for **Extortion Loss** with immediate effect from the date this knowledge enters into the public domain or is revealed to any person presenting a **Security Threat**.

The **Insured** shall allow the **Insurer** (or the **Insurer's** nominated representatives) to notify the police or other responsible law enforcement authorities of any **Extortion Threat**.

F. NETWORK INTERRUPTION

F.1 Network Interruption Insurance

In consideration of the additional premium paid, the **Insurer** will pay to the **Company** any **Network Loss** (not to exceed the Sublimit stated in item 6 of the Schedule) in respect of a **Material Interruption** that an **Insured** incurs after the **Waiting Hours Period** has expired and solely as a result of a **Security Failure**.

F.2 Definitions

Material Interruption

means any material interruption in, or suspension of, the service provided by the **Computer System** directly caused by a **Security Failure**.

Network Loss

means the reduction in net profit earned by the **Company** in the period from the expiration of the **Waiting Hours Period** until service is restored (but in any event no later than 120 days after the commencement of the **Material Interruption**) that, but for the **Material Interruption**, the **Company** would have earned (and which is attributable to a loss of revenue) before payment of income taxes and after accounting for savings and reasonable mitigation.

Network Loss in this context excludes losses arising from **Claims** made by **Third Parties** for whatever reason but not a reduction in revenue by virtue of a contractual reduction in payments for the service or service credits paid by the **Insured**.

Security Failure

means a failure or intrusion of the **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorised access, unauthorised use, denial of service attack or receipt or transmission of a malicious code. **Security Failure** includes any such failure or intrusion resulting from the theft of a password or network access code from a **Company's** premises, a **Computer System**, or an officer, director or employee of a **Company** by non-electronic means in direct violation of a **Company's** specific written security policies or procedures.

Waiting Hours Period

means the number of hours set forth in item 7 of the Schedule that must elapse once a **Material Interruption** has begun before a **Network Loss** can begin to be incurred.

F.3 Exclusions

Government Entity or Public Authority

This Extension shall not cover any **Network Loss** arising out of, based upon or attributable to any seizure, confiscation, nationalisation, or destruction of a **Computer System** by order of any government entity or public authority.

Specific Network Interruption Conditions

This Extension shall not cover any **Network Loss** arising out of, based upon or attributable to any:

- (i) network or systems interruption caused by loss of communications with a **Third Party** computer system, resulting in the inability of the **Company** to communicate with those systems;
- (ii) legal costs or legal expenses of any type;
- (ii) updating, upgrading, enhancing or replacing any **Computer System** to a level beyond that which existed prior to sustaining **Network Loss**;
- (iv) unfavorable business conditions; or
- (v) the removal of software program errors or vulnerabilities.

F.4 Notice

In addition to the requirements to give notice under this policy, and before coverage will apply, each **Insured** must also:

- (i) complete and sign a written, detailed and affirmed proof of loss within ninety (90) days after the discovery of any **Network Loss** (unless this period is otherwise extended in writing by the **Insurer**) which will detail a full description of the **Network Loss** and the circumstances of such **Network Loss**. The written proof should also include a detailed calculation of any **Network Loss** and all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of the **Network Loss**;
- (ii) upon the **Insurer's** request, submit to an examination; and
- (iii) waive professional privilege and shall provide the **Insurer** on an ongoing basis with any cooperation and assistance that the **Insurer** may request, including assisting the **Insurer** in:
 - a. any investigation of a **Security Failure** or **Network Loss**;
 - b. enforcing any legal rights the **Company** or the **Insurer** may have against anyone who may be liable to an **Insured** for a **Security Failure**;
 - c. executing any documents that the **Insurer** deems necessary to secure its rights under this policy; and
 - d. any calculation or appraisal conducted by or on behalf of the **Insurer** pursuant to this Network Interruption Extension.

After:

(A) the presentation of the satisfactory written proof of **Network Loss** as provided for in (i), (ii), and (iii) above by the **Insured**; and

(B) the subsequent written acceptance thereof by the **Insurer**, all adjusted claims are due and payable forty five days (45) thereafter.

The costs and expenses of establishing or proving an **Insured's** loss under this Network Interruption Extension, including, without limitation, those associated with preparing the proof of loss, shall be the obligation of the **Insured** and not covered under this policy.

F.5 Net Profit Calculations

In determining the **Network Loss** for the purpose of ascertaining the amount payable under this Network Interruption Extension, due consideration shall be given to the prior experience of the **Company's** business before the beginning of the **Security Failure** and to the probable business an **Insured** could have performed had no **Security Failure** occurred. **Network Loss** calculations shall not include, and this policy shall not cover, net income that would likely have been earned as a result of an increase in volume of business due to favourable business conditions caused by the impact of security failures on other businesses. Calculations shall be on an hourly basis and based on such an **Insured's** actual net profit loss caused by a reduction in revenue or increase in

charges and expenses directly attributable to the **Material Interruption**.

F.6 Appraisal

If the **Company** and the **Insurer** disagree on the extent of **Network Loss**, either may make a written demand for an appraisal of such **Network Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an expert who has not less than ten (10) years' standing and who is a partner in a major international accounting firm, experienced in assessing loss. Each appraiser will separately state the extent of **Network Loss**. If they fail to agree, they will submit their differences to the expert. Any decision by the expert will be final and binding.

The **Company** and the **Insurer** will (i) pay their own respective chosen appraiser and (ii) bear the expenses of the expert equally. Any appraisal of **Network Loss** shall be calculated in accordance with all terms, conditions and exclusions of this policy.

3. Definitions

3.1 Asset

means any item or element of hardware, software or equipment that is or may be used for the purpose of creating, accessing, processing, protecting, monitoring, storing, retrieving, displaying or transmitting electronic data of any type (including voice).

3.2 Breach Notice Law

means any **Data Protection Law** that creates a legal obligation to give notice in respect of an actual or potential breach.

3.3 Claim

means the receipt by or service upon the **Insured** of:

- (i) an **Enforcement Notice**;
- (ii) a written demand seeking a legal remedy;
- (iii) a demand or notification of civil, regulatory, administrative or criminal proceedings seeking legal remedy, compliance or other sanction; or
- (iv) a written demand by a **Regulator** in connection with a **Regulatory Investigation** (in respect of Insurance cover B (Administrative Obligations) only).

Claim shall not include any (i) **Data Subject Access Request**; or (ii) allegation brought by or on behalf of any director, partner, principal, chief compliance officer, **Data Protection Officer** or General Counsel of the **Company**.

3.4 Company

means the **Policyholder** and any **Subsidiary**.

3.5 Computer System

means information technology and communications systems, networks, services and solutions (including all **Assets**) that either (a) form part of such systems and networks, or (b) are used in the provision of such services and solutions which are leased or made available to or accessible by the **Company** or which are provided to the **Company's** exclusive and secure usage for the purpose of its business.

3.6 Corporate Information

means:

- (i) any confidential information, which is the exclusive intellectual property of a **Third Party** including but not limited to budgets, customer lists, marketing plans and other information the release of which would be advantageous to a competitor and which is otherwise not available to such competitors;
- (ii) any information which is confidential or which is subject to legal

professional privilege to which a **Third Party** is entitled, including but not limited to any confidential information supplied to a solicitor, accountant or other professional advisor in the course of his or her professional duties, which is otherwise not in the public domain; or

(iii) any information which is lawfully disclosed to the **Company** and which is lawfully received by the **Company** in circumstances which impose a legal obligation to keep the information confidential or which is provided to the **Company** pursuant to a written confidentiality agreement, and which has been lawfully collected and maintained by or on behalf of the **Company**.

3.7 Damages

means:

- (a) any amount that an **Insured** shall be legally liable to pay to a **Third Party** in respect of judgments or arbitral awards rendered against an **Insured**;
- (b) monies payable by an **Insured** to a **Third Party** pursuant to a **Settlement Agreement** negotiated by the **Company** and which is

approved by the **Insurer**,
pursuant to an act, error or omission on the part of an **Insured**.

Damages shall not mean and this policy shall not cover any: (i) noncompensatory damages, including punitive, multiple, exemplary or liquidated damages; (ii) fines or penalties; (iii) the costs and expenses of complying with any order for, grant of or agreement to provide injunctive or other non-monetary relief; (iv) costs or other amounts that the **Insured** are responsible for under a merchant services agreement; or (v) discounts, service credits, rebates, price reductions, coupons, prizes, awards or other contractual or non-contractual incentives, promotions or inducements offered to the **Insured's** customers or clients.

**3.8 Data
Administrative
Fines**

means any lawfully insurable fines and penalties which are adjudicated by a **Regulator** to be payable by an **Insured** for a breach of **Data Protection Law**.

Data Administrative Fines shall not include any other type of civil or criminal fines and penalties.

**3.9 Data Protection
Law**

means the applicable laws in Nepal and any and all other equivalent laws and regulations applicable to the **Insured**, and such laws or regulations as may be enacted and/or amended from time to time, relating to the regulation and enforcement of data protection and privacy in any country.

**3.10 Data Protection
Officer**

means an employee who is designated by the **Company** as the person responsible to implement, monitor, supervise, report upon and disclose the **Company's** regulatory compliance standards with respect to data collection, data processing and delegation of data processing.

3.11 Data Subject

means any natural person whose **Personal Information** has been collected or processed by or on behalf of the **Company**.

**3.12 Data Subject
Access Request**

means a written request from a **Data Subject** to the **Company** regarding the mandatory production of:

- (i) **Personal Information** held which identifies such individual person;
- (ii) the reason such **Personal Information** has been collected or processed;
- (iii) the recipients or classes of recipients to whom such **Personal Information** has been or may be disclosed; and
- (iv) the source of such **Personal Information**.

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3.13 Defence Costs

means reasonable and necessary legal fees, costs and expenses which the **Insured** incurs, with the prior written consent of the **Insurer**, in relation to the investigation, response, defence, appeal and/or settlement of a **Claim** made against the **Insured**.

Defence Costs shall not mean any internal costs of the **Insured** (e.g., wages, salaries or other remuneration).

**3.14 Enforcement
Notice**

means a notice from a **Regulator** requiring the **Company** to:

- (i) confirm compliance with the applicable **Data Protection Law**;
 - (ii) take specific measures to comply with the applicable **Data Protection Law**; or
 - (iii) refrain from processing any specified **Personal Information** or **Third Party Data**;
- within a specified time period.

**3.15 Information
Commissioner**

Such role as may be appointed by the **Regulator** under laws and

regulations relating to the regulation and enforcement of data protection and privacy and any equivalent position in any other jurisdiction.

3.16 Insured

means:

- (i) the **Company**;
- (ii) any natural person who is or has been a director, principal, partner or officer (including but not limited to any chief compliance officer, **Data Protection Officer** or General Counsel) of the **Company** to the extent such person is acting in such capacity;
- (iii) any employee of the **Company**; and any estates or legal representatives of any **Insured** described in (i), (ii) and (iii) of this Definition to the extent that a claim is brought against them in respect of an act, error or omission of such **Insured**.

3.17. Insurer

Nepal Insurance Company Limited

3.18 Limit of Liability

means the amount specified in item 5 of the Schedule.

3.19 Loss

means:

- (i) **Damages, Defence Costs, Professional Fees, Data Administrative Fines**; and
- (ii) **Extortion Loss** (if purchased) and
- (iii) **Network Loss** (if purchased).

Loss shall not mean any compensation, internal or overhead expenses of any **Insured** or the cost of any **Insured's** time.

3.20 Newsworthy Event

means the actual or threatened public communication or reporting in any media which arises directly out of an actual or potential or alleged breach of **Data Protection Law** or a **Qualifying Breach of Data Security** which is likely to bring the **Company** into disrepute or tarnish its reputation and damage its goodwill amongst the community of people or businesses who are its customers or suppliers or with whom the **Company** habitually deals with in the course of its business.

3.21 Outsourcer

means a natural person or entity which collects or processes **Personal Information** or **Corporate Information** on behalf of the **Company**, whether based on an express contractual agreement or under a legal requirement.

3.22 Personal Information

means any private information concerning a **Data Subject** which has been lawfully collected and maintained by or on behalf of the **Company**.

3.23 Professional Fees

means the reasonable and necessary fees, costs and expenses of experts engaged by the **Insured** in accordance with the terms of this policy and with the prior written consent of the **Insurer**.

3.24 Policyholder

means the entity specified as such in item 1 of the Schedule.

3.25 Qualifying Breach of Corporate Information

means the accidental or negligent disclosure of **Corporate Information** by an **Insured** for which the **Company** is responsible.

3.26 Qualifying

Breach of Data Security	means the unauthorised access by a Third Party to the Company's Computer System or use or access of the Company's Computer System outside of the scope of the authority granted by the Company .
3.27 Qualifying Breach of Personal Information	means unauthorised disclosure or transmission by an Insured of Personal Information for which the Company is responsible as either a Data Processor or a Data Controller as defined under any applicable Data Protection Law .
3.28 Regulator	means an Information Commissioner or statutory body established pursuant to Data Protection Law in any jurisdiction and which is authorised to enforce statutory obligations in relation to the processing or control of Personal Information (or where relevant, Corporate Information).
3.29 Regulatory Investigation	means any formal or official action, investigation, inquiry or audit by a Regulator against an Insured arising out of the use or alleged misuse of Personal Information or any aspects of the control or processing of Personal Information or delegation of data processing to an Outsourcer which is regulated by Data Protection Law , but shall not include any industry-wide, non-firm specific, inquiry or action.
3.30 Retention	means the amounts specified as such in item 7 of the Schedule.
3.31 Retroactive Date	means the date specified as such in item 9 of the Schedule.
3.32 Settlement Agreement	means any agreement made by the Company (with the prior written consent of the Insurer) with a Third Party , in order to set aside permanently any potential or actual litigious matter or disagreement between the Insured and a Third Party .
3.33 Subsidiary	<p>means any entity in which the Policyholder, either directly or indirectly through one or more of its other entities:</p> <ul style="list-style-type: none"> (i) controls the composition of the board of directors; (ii) controls more than half of the voting power; or (iii) holds more than half of the issued share or equity capital. <p>For any Subsidiary or any Insured thereof, cover under this policy shall only apply to a breach of Data Protection Law or an act, error, or omission resulting in a Qualifying Breach of Data Security committed while such entity is a Subsidiary of the Policyholder.</p>
3.34 Third Party	means any natural person or entity who deals at arm's length with the Insured and which neither controls or is controlled by the Insured and which is not: (i) an Insured ; or (ii) any other natural person or entity having a significant financial investment or executive role in the operation or management of the Company ; (iii) any person or entity who can by virtue of any legal, equitable or commercial right or interest control or influence the board of directors or the management of the Company or which can be influenced or controlled by the Company in a similar manner.
3.35 Third Party Data	<p>means:</p> <ul style="list-style-type: none"> (i) Corporate Information;

- (ii) any private information concerning a natural person, which has been lawfully collected and maintained by or on behalf of a **Third Party**;
- (iii) any other information of a commercial, business or operational nature belonging to a **Third Party**, and which is held by the **Company** under a contractual obligation between the **Company** and a **Third Party** in the course of provision of services.

4. EXCLUSIONS

The **Insurer** shall not be liable for **Loss** arising out of, based upon or attributable to:

- 4.1 Antitrust** any actual or alleged antitrust violation, restraint of trade or unfair competition. This exclusion shall not apply to clause (v) of D1 MultiMedia Liability if purchased;
- 4.2 Bodily Injury and Property Damage** any:
(i) physical injury, sickness, disease or death; and if arising out of the foregoing, nervous shock, emotional distress, mental anguish or mental injury, other than mental anguish or mental injury arising from any breach of **Data Protection Law** by the **Company**; or
(ii) loss or destruction of tangible property, other than **Third Party Data**, or loss of use thereof, or the physical theft or loss of the **Company's Assets**;
- 4.3 Contractual Liability** any guarantee, warranty, contractual term or liability assumed or accepted by an **Insured** under any contract or agreement (including but not limited to any service credits, rebates, price reductions, coupons, prizes, awards or other contractual or non-contractual incentives, promotions or inducements offered to the **Insured's** customers or clients) except to the extent such liability would have attached to the **Insured** in the absence of such contract or agreement;
- 4.4 Criminal Acts** any act, error or omission which a court, tribunal, arbitrator or **Regulator** finds, or which an **Insured** admits, to be a criminal, dishonest or fraudulent act.
The **Insurer** will continue to pay on behalf of an **Insured Defence Costs** under this policy until a dishonest, criminal or fraudulent act, error or omission is found by a court, tribunal, arbitrator or **Regulator** to have been committed by an **Insured**. Following such finding the **Insurer** shall be entitled to repayment of any amount paid to the **Insured** under this policy;
- 4.5 Conduct** any wilful disregard or non-compliance with a ruling, direction or injunction by a court, tribunal, arbitrator or a **Regulator** within the jurisdiction and/or deliberate commission, aiding, abetting or condoning of or conniving in:
(i) a dishonest, malicious or fraudulent act; or
(ii) a criminal breach of law or regulation,
if committed by the **Company's**:
(a) directors, principals, partners, chief compliance officer, **Data Protection Officer** or General Counsel whether acting on their own or in collusion with others; or
(b) employees or **Outsourcers** acting in collusion with any of the **Company's** directors, principals, partners, chief compliance officer, **Data Protection Officer** or General Counsel.
- 4.6 Data Risk** any data which is materially different in quality, sensitivity or value from that which is disclosed in any proposal, information or representation made or provided to the **Insurer** prior to the inception date;
- 4.7 Intellectual Property** any infringement of patents and trade secrets or to loss of rights to secure registration of patents due to an unauthorised disclosure.
This Exclusion 4.6 shall not apply to Insurance cover A.2 (Loss of

4.8 Intentional Acts	Corporate Information); any intentional, deliberate or reckless act by any natural person who is or has been a director, principal, partner or officer (including but not limited to any chief compliance officer, Data Protection Officer or General Counsel) of the Company that would reasonably be expected to give rise to a Claim against an Insured ;
4.9 Licensing Fees	any actual or alleged obligation to make licensing fee or royalty payments, including but not limited to the amount or timeliness of such payments;
4.10 Prior Claims and Circumstances	any circumstance that, as of the inception date of this policy, may reasonably have been expected by any Insured to give rise to a Claim , or any Claim made or circumstance notified prior to or pending at the inception date of this policy;
4.11 Securities Claims	any actual or alleged violation of any law, regulation or rule (whether statutory or common law) relating to the ownership, purchase, sale or offer of, or solicitation of an offer to purchase or sell, securities;
4.12 Terrorism / War	any form of war, terrorism or riot;
4.13 Trading Losses	any trading losses or trading liabilities; monetary value of any electronic fund transfers or transactions by or on behalf of the Insured which is lost, diminished or damaged during transfer from, into or between accounts; or the face value of coupons, price discounts, prizes, awards or any other valuable consideration given in excess of the total contracted or expected amount;
4.14 Unauthorised Trading	any actual or alleged trading by the Insured which at the time of the trade: i) is in excess of permitted financial limits, or; ii) is outside permitted product lines;
4.15 Unauthorised or unlawfully collected data	the unlawful or unauthorised collection by the Company of Third Party Data ;
4.16 Unsolicited Materials	any distribution of unsolicited email, direct mail, or facsimiles, wire tapping, audio or video recording, or telemarketing;
4.17 Uninsurable Loss	any matters which may be deemed uninsurable under the law governing this policy or the jurisdiction in which a Claim is brought or where any Insuring clause or Extension is triggered.

5. CLAIMS

5.1 Notification of Claims and Circumstances that may lead to a Claim

This policy affords cover solely with respect to:

- (a) **Claims** which are first made against the **Insured** during the **Policy Period**; and
- (b) **Qualifying Breaches of Data Security**, breaches of **Data Protection Law, Newsworthy Events, Extortion Threats or Material Interruptions** which occur during the **Policy Period**, and in all events which are reported by the **Insured** in writing to the **Insurer** as soon as practicable and in any case during the **Policy Period**.

If, during the **Policy Period**, any **Insured** becomes aware of any fact, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law, Newsworthy Event, Extortion Threat or Material Interruption** that an informed person operating within the same type of business as the **Company** would reasonably believe is likely to give rise at a later date to a **Claim**, the **Insured** shall promptly inform the **Insurer** about those circumstances. Such notification must be presented in chronological order and must detail the facts or matters which have or may give rise to a **Claim** which should include at a minimum the following information:

- the nature and circumstances of the facts;
- alleged, supposed or potential breach;
- date, time and place of the alleged, supposed or potential breach;
- the identity of the potential claimants and all other potentially involved persons and/or entities;
- estimate of possible loss;
- the potential media or regulatory consequences.

All notifications relating to **Claims**, circumstances, **Qualifying Breaches of Data Security**, breaches of **Data Protection Law, Newsworthy Events, Extortion Threats or Material Interruptions** must be in writing and sent by e-mail, fax or post to:

Claim Department
Nepal Insurance Company Ltd.
NIC Bhawan, 35, Kulratna Marga, Kamaladi
Post Box No. 3623 Kathmandu, Nepal

5.2 Related Claims

If notice of a **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law, Newsworthy Event, Extortion Threat or Material Interruption** is given to the **Insurer** pursuant to the terms and conditions of this policy, then:

- (i) any subsequent **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law, Newsworthy Event, Extortion Threat or Material Interruption** alleging, arising out of, based upon or attributable to the facts alleged in that previously notified **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law, Newsworthy Event, Extortion Threat or Material Interruption**; and

- (ii) any subsequent **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law**, **Newsworthy Event**, **Extortion Threat** or **Material Interruption** alleging any **Loss** which is the same as or related to any **Loss** alleged in that previously notified **Claim**, circumstance, **Qualifying Breach of Data Security**, **Data Protection Law**, **Newsworthy Event**, **Extortion Threat** or **Material Interruption**,

shall be considered made against the **Insured** and reported to the **Insurer** at the time notice was first given.

Any **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law**, **Newsworthy Event**, **Extortion Threat** or **Material Interruption** arising out of, based upon or attributable to:

- (i) the same cause; or
- (ii) a single **Loss**; or
- (iv) a series of continuous, repeated or related **Losses**;

shall be considered a single **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law**, **Newsworthy Event**, **Extortion Threat** or **Material Interruption** for the purposes of this policy.

5.3 Fraudulent Claims

If any **Insured** shall give any notice or claim cover for any **Loss** under this policy knowing such notice or claim to be false or fraudulent as regards amounts or otherwise, such **Loss** shall be excluded from cover under the policy, and the **Insurer** shall have the right, in its sole and absolute discretion, to avoid its obligations under or void this policy in its entirety, and in such case, all cover for **Loss** under the policy shall be forfeited and all premium deemed fully earned and non-refundable.

6. DEFENCE AND SETTLEMENT

6.1 Defence

The **Insurer** does not assume any duty to defend, and the **Insured** must defend and contest any **Claim** made against it unless the **Insurer**, in its sole and absolute discretion, elects in writing to take over and conduct the defence and settlement of any **Claim**. If the **Insurer** does not so elect, it shall be entitled, but not required, to participate fully in such defence and the negotiation of any settlement that involves or appears reasonably likely to involve the **Insurer**.

The **Insured** must render all reasonable assistance to the **Insurer** and take all reasonable measures to mitigate or avoid the **Loss** or to determine the **Insurer's** liability under the policy.

6.2 Insurer's Consent

As a condition precedent to cover under this policy, no **Insured** shall admit or assume any liability, enter into any settlement agreement, consent to any judgment, or incur any **Defence Costs** or **Professional Fees** without the prior written consent of the **Insurer**. Only those settlements, judgments and **Defence Costs** or **Professional Fees** consented to by the **Insurer**, and judgments resulting from **Claims** defended in accordance with this policy, shall be recoverable as **Loss** under this policy. The **Insurer's** consent shall not be unreasonably withheld, provided that the **Insurer** shall be entitled to exercise all of its rights under the policy. Compliance with a **Breach Notice Law** will not be considered as an admission of liability for the purposes of this clause.

6.3 Insured's

Consent

The **Insurer** may make any settlement of any **Claim** it deems expedient with respect to any **Insured**, subject to such **Insured's** written consent (which shall not be unreasonably withheld or denied). If any **Insured** withholds consent to such settlement, the **Insurer's** liability for all **Loss** on account of such **Claim** shall not exceed the amount for which the **Insurer** could have settled such **Claim**, plus **Defence Costs** incurred as of the date such settlement was proposed in writing by the **Insurer**, less coinsurance (if any) and the applicable **Retention**.

6.4 Subrogation and Recovery

If the **Insurer** makes any payment under this policy, it shall be subrogated to the extent of such payment to all of the **Insured's** rights of recovery and shall be entitled to pursue and enforce such rights in the **Insured's** name, even if the **Insured** is compensated for such **Loss**.

Subrogation against employees (including directors, officers, partners or principals) of the **Company** shall be limited to cases where such employees have been found guilty of an intentional, fraudulent or criminal act by any court or government entity.

The **Insured** shall provide the **Insurer** with all reasonable assistance and shall do everything that may be necessary to secure any rights including the execution of documents necessary for the **Insurer** to bring suit in the **Insured's** name. Any amount recovered in excess of the **Insurer's** total payment shall be restored to the **Insured** less the recovery cost.

7. LIMIT OF LIABILITY AND RETENTION

7.1 Limit of Liability

The total amount payable by the **Insurer** under this policy shall not exceed the **Limit of Liability**. Sub-limits of Liability, Extensions, **Professional Fees** and **Defence Costs** are part of that amount and are not payable in addition to the **Limit of Liability**. The inclusion of more than one **Insured** under this policy does not operate to increase the total amount payable by the **Insurer** under this policy.

In the event that another insurance is provided by the **Insurer** or any member company or affiliate of American International Group, Inc. ("AIG"), then the maximum amount payable by AIG under all such policies shall not exceed the Limit of Liability of that policy referred to above which has the highest applicable **Limit of Liability**. Nothing contained herein shall be construed to increase the **Limit of Liability** of this policy. To the extent that another insurance policy imposes upon the **Insurer** a duty to defend a claim, defence costs arising out of such a claim shall not be covered under this policy.

7.2 Retention

With respect to all **Claims** or **Qualifying Breaches of Data Security**, breaches of **Data Protection Law**, **Material Interruptions** or **Extortion Threats**, the **Insured** will only pay that amount of any **Loss** which is in excess of the **Retention** specified in item 7 of the Schedule. The **Retention** amount is to be borne by the **Company** and shall remain uninsured. A single **Retention** shall apply to **Loss** arising from **Claims**, **Qualifying Breaches of Data Security**, breaches of **Data Protection Law**, **Material Interruptions** or **Extortion Threats** which are considered related **Claims**, **Qualifying Breaches of Data Security**, breaches of **Data Protection Law**, **Material Interruptions** or **Extortion Threats** pursuant to 5.2 "Related Claims".

In the event that a **Claim**, **Qualifying Breach of Data Security**, breach of

Data Protection Law, Material Interruption or Extortion Threat triggers more than one of the **Retention** amounts, then, as to that **Claim**, breach of **Data Protection Law, Qualifying Breach of Data Security, Material Interruption or Extortion Threat** the highest of such **Retention** amounts shall be deemed the **Retention** applicable to **Loss** (to which a **Retention** is applicable pursuant to the terms of this policy) arising from such **Claim**, breach of **Data Protection Law Qualifying Breach of Data Security, Material Interruption or Extortion Threat**.

8. GENERAL PROVISIONS

8.1 Cooperation

The **Insured** will at its own cost:

- (i) render all reasonable assistance to the **Insurer** and co-operate in the defence of any **Claim** and the assertion of indemnification and contribution rights;
- (ii) use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any **Loss** under this policy;

give such information and assistance to the **Insurer** as the **Insurer** may reasonably require to enable it to investigate any **Loss** or determine the **Insurer's** liability under this policy.

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8.2 Maintenance of Security

The **Insured** will take all reasonable steps to maintain data and information security procedures to no lesser standard than disclosed in the proposal form.

The **Insured** will ensure that back-up systems and processes are maintained to no lesser standard than disclosed in the proposal form and that the ability to restore such data is regularly tested (at least every six (6) months).

8.3 Economic Sanctions

The **Insurer** is not liable to make any payments for liability under any coverage sections of this policy or make any payments under any extension for any **Loss** or **Claim** arising in, or where the **Insured** or any beneficiary under the policy is a citizen or instrumentality of the government of, any country(ies) against which any laws and/or regulations governing this policy and/or the **Insurer** or the Reinsurer, its parent company or its ultimate controlling entity have established an embargo or other form of economic sanction which have the effect of prohibiting the **Insurer** to provide insurance coverage, transacting business with or otherwise offering economic benefits to the **Insured** or any other beneficiary under the policy.

It is further understood and agreed that no benefits or payments will be made to any beneficiary(ies) who is/are declared unable to receive economic benefits under the laws and/or regulations governing this policy and/or the **Insurer** or the Reinsurer, its parent company or its ultimate controlling entity.

8.4 Policy Purchase

In granting cover to the **Insured**, the **Insurer** has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and shall be considered incorporated and constituting part of this policy. In the event of the **Insurer** being entitled to avoid this policy from the inception date or from the time of any variation in cover, the **Insurer** may at its discretion maintain this policy in full force, but exclude the consequences of any **Claim**, circumstance, **Qualifying Breach of Data Security**, breach of **Data Protection Law**, **Newsworthy Event**, **Extortion Threat** or **Material Interruption** relating to any matter which ought to have been disclosed before the inception date or before any variation in cover.

8.5 Assignment

This policy and any rights under or in respect of it cannot be assigned without the prior written consent of the **Insurer**.

8.6 Cancellation

By Policyholder:

This policy may be cancelled by the **Policyholder**. If no **Claim, Qualifying Breach of Data Security, breach of Data Protection Law, Material Interruption or Extortion Threat** has been made and no circumstance has been notified prior to such cancellation, the **Insurer** shall retain x% of the original premium plus the pro-rata proportion due for time on risk. Otherwise, the premium shall not be returned and shall be deemed fully earned at the inception date.

By Insurer:

This policy may be cancelled by the **Insurer** delivering to the **Policyholder** by registered, certified, other first class mail or other reasonable delivery method, at the address of the **Policyholder** set out in the Schedule, written notice stating when, not less than thirty (30) days thereafter (ten (10) days

in the event of cancellation for non-payment of premium), the cancellation shall be effective. Proof of mailing or delivery of such notice shall be sufficient proof of notice and this policy shall be deemed cancelled as to all **Insureds** at the date and hour specified in such notice. In such case, the **Insurer** shall be entitled to a pro-rata proportion of the premium. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

8.7 Insolvency

Insolvency, receivership or bankruptcy of any **Insured** shall not relieve the **Insurer** of any of its obligations hereunder.

8.8 Plurals, Headings and Titles

The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular shall include the plural and vice versa. In this policy, words in **bold** typeface have special meaning and are defined or specifically mentioned in the Schedule. Words that are not specifically defined in this policy have the meaning normally attributed to them.

8.9 Governing Law

Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of Nepal and in accordance with the English text as it appears in this policy.

8.10 Arbitration

Any and all disputes or differences which may arise under, out of, in connection with or in relation to this policy, or to its existence, validity or termination, or to the determination of the amount or any amounts payable under this policy, shall be referred to a sole arbitrator to be appointed by the parties to the dispute within 30 days of any party giving notice of arbitration to the other(s).

In the event that the parties are unable to agree upon the identity of a sole arbitrator, the disputes or differences shall be referred to the decision of 3 arbitrators of whom one shall be appointed in writing by each of the parties within a period of 30 days after the failure to appoint a sole arbitrator and the third (who shall serve as Chairman) shall be appointed by the nominated arbitrators. In case either party shall refuse or fail to appoint an arbitrator within the aforesaid 30 days after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole arbitrator who shall thereafter be empowered to conduct the arbitration

and determine the disputes or differences referred to him as if he had been appointed a sole arbitrator with the consent of both parties.

The parties shall share the expenses of the arbitrator or arbitral tribunal equally and such expenses, along with the reasonable costs of the parties in the arbitration, shall be awarded by the arbitrator or arbitral tribunal in favour of the successful party in the arbitration or, where no party can be said to have been wholly successful, to the party who has substantially succeeded.

The place of arbitration shall be Nepal, the language of the arbitration shall be English, the law applicable to and in the arbitration shall be Nepal law and the arbitration process will be in accordance with the provisions of the Arbitration & Conciliation Act 2055, as amended from time to time.

It is a condition precedent to any right of action or suit upon this policy that the award by such arbitrator or arbitrators shall be first obtained. In the event that these arbitration provisions shall be held to be invalid then all such disputes shall be referred to the exclusive jurisdiction of the Nepal courts.