

MARCH 16, 2022

Compliance Circulation Notification

Businessowners Viral or Bacterial Infections Exclusion

Circular Number

BP-2022-01

Effective Date

These changes are applicable to all policies effective on or after

September 1, 2022

WSRB Reference Filing Numbers

BP-2022-OEND1

BP-2022-ORU1

Got Questions?

WSRB Compliance Department
P.O. Box 1188
Renton, WA 98057-1188

206.273.7161

wsrbcompliance@wsrb.com

Changes

These filings introduce an optional Washington endorsement and rule exception to address liability arising out of viral or bacterial infections.

Company Action

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are NOT required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to NOT use our revision, you must make an appropriate submission with the Insurance Department.

In all correspondence with the Insurance Department regarding this revision, include the WSRB Reference Filing Number, not this Circular number.

Manual Distribution

Insurance Services Office, Inc. will print and distribute revised manual pages prior to the effective date. A complete copy of the filing is available on the WSRB website using the Compliance Filings Library. Circular notification is available by e-mail only.

Register to receive electronic notification at the Compliance Filings Library page inside the Members section at [wsrb.com](https://www.wsrb.com)

State:	Washington	Filing Company:	Washington Surveying and Rating Bureau
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0002 Businessowners		
Product Name:	Washington Viral Or Bacterial Infection Exclusion		
Project Name/Number:	Washington Viral Or Bacterial Infection Exclusion/BP-2022-ORU1		

Filing at a Glance

Company:	Washington Surveying and Rating Bureau
Product Name:	Washington Viral Or Bacterial Infection Exclusion
State:	Washington
TOI:	05.0 CMP Liability and Non-Liability
Sub-TOI:	05.0002 Businessowners
Filing Type:	Rate/Rule
Date Submitted:	03/07/2022
SERFF Tr Num:	WSRB-133180716
SERFF Status:	Closed-Approved
State Tr Num:	424735
State Status:	Approved
Co Tr Num:	BP-2022-ORU1
Co Status:	Approved
Effective Date	09/01/2022
Requested (New):	
Effective Date	
Requested (Renewal):	
Author(s):	Jim Antush, Karee Chung
Reviewer(s):	Dan Forsman (primary)
Disposition Date:	03/09/2022
Disposition Status:	Approved
Effective Date (New):	09/01/2022
Effective Date (Renewal):	
Destruction Date:	

State: Washington **Filing Company:** Washington Surveying and Rating Bureau
TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0002 Businessowners
Product Name: Washington Viral Or Bacterial Infection Exclusion
Project Name/Number: Washington Viral Or Bacterial Infection Exclusion/BP-2022-ORU1

General Information

Project Name: Washington Viral Or Bacterial Infection Exclusion

Status of Filing in Domicile:

Project Number: BP-2022-ORU1

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 03/09/2022

Company Status Changed: 03/09/2022

State Status Changed: 03/09/2022

Deemer Date:

Created By: Karee Chung

Submitted By: Karee Chung

Corresponding Filing Tracking Number: BP-2022-OEND1

Filing Description:

We are revising a rule exception in conjunction with the introduction of a companion Washington viral or bacterial infection exclusion endorsement.

Company and Contact

Filing Contact Information

Jim Antush, VP, Compliance & Actuarial Services jim.antush@wsrb.com

PO Box 1188 206-273-7161 [Phone]

Renton, WA 98057-1188 206-217-9329 [FAX]

Filing Company Information

Washington Surveying and Rating Bureau

CoCode:

State of Domicile: Washington

Group Code:

Company Type: Rating

PO Box 1188

Group Name:

Organization - Property

Renton, WA 98057-1188

FEIN Number: 74-3049163

State ID Number: 1425

(206) 217-9772 ext. [Phone]

29. ENDORSEMENTS

Paragraph **A.13.** is replaced by the following:

A. Property Endorsements

13. Functional Business Personal Property Valuation

a. Description Of Coverage

Washington Functional Business Personal Property Valuation Endorsement **BP 05 51** provides coverage for specifically scheduled item(s) of business personal property which can be replaced with similar property that performs the same function as currently used. Coverage is provided:

- (1) On a functional replacement cost basis when repair or replacement is contracted for within 180 days of the loss or damage.
- (2) On a market value basis if repair or replacement is not contracted for within 180 days of the loss or damage.

b. Endorsement

Use Endorsement **BP 05 51**.

c. Rules

(1) Blanket Insurance

Not applicable.

(2) Business Personal Property

Item(s) of business personal property scheduled in this endorsement should be excluded from Your Business Personal Property. However, the total limit of the scheduled items should be considered when determining the Business Personal Property Limit of Insurance Relativity Factor under Rule **23.C.6.a.(2)(c)(iii)ii**.

d. Premium Determination

Develop the premium for Functional Business Personal Property Valuation Coverage by multiplying the Business Personal Property rate determined in Rule **23.C.6.a.(2)(b)(viii)** by the applicable factor shown in Table **29.A.13.d.(RF)** of the Rating Relativities and Factors Section of the manual. Multiply the result by the Functional Business Personal Property limit of insurance (per \$100).

e. Coverage Examples

- (1) A printing company is currently using an antiquated printing press with an actual cash value of \$50,000. If this press were destroyed, replacement with an identical press would be impossible. The closest equivalent type of property available is a two-color printer which would cost \$100,000. Using Endorsement **BP 05 51** and specifically scheduling the printing press, the insured could choose a limit of insurance of \$100,000 to have coverage for the cost of the newer printer.
- (2) A company is currently using a computer purchased five years ago for \$10,000. If this computer were destroyed, the cost to replace this computer with one that performs the same functions would be \$3,000, due to technological advancements. Using Endorsement **BP 05 51** and specifically scheduling the computer, the insured could choose a limit of \$3,000 to have coverage for the cost of the newer computer.

Paragraph **A.16.** is replaced by the following:

16. Loss Payable Clauses

a. Description Of Coverage

This endorsement provides for naming:

- (1) Loss payee;
- (2) Loss payee under a contract-of-sale arrangement; or
- (3) Building owner loss payee.

b. Endorsement

Use Washington Loss Payable Clauses Endorsement **BP 12 06**.

Paragraph **A.18.b.** is replaced by the following:

18. Mold – Fungi, Wet Rot Or Dry Rot

b. Washington Exception

Changes – Limited Fungi Coverage Endorsement **BP 05 76** is a multistate form that increases the coverage described in Paragraph **a**. This endorsement is not applicable in Washington.

Paragraph **A.19.** is replaced by the following:

19. Named Perils – Building And Business Personal Property

a. Description Of Coverage

This endorsement amends the Businessowners Coverage Form **BP 00 03** to modify the level of coverage to a named perils basis. This endorsement deletes the Collapse and Water Damage, Other Liquids Powder or Molten Material Damage Additional Coverages in Form **BP 00 03**.

Additionally, this endorsement provides an option to replace the Money and Securities Optional Coverage in Form **BP 00 03** with the Burglary and Robbery Optional Coverage.

b. Endorsement

Use Washington Changes – Named Perils Endorsement **BP 10 64**.

Paragraph **A.26.b.** is replaced by the following:

26. Water Back-up And Sump Overflow

b. Endorsement

Use Washington – Water Back-up And Sump Overflow Endorsement **BP 14 53**.

Paragraph **A.39.** is replaced by the following:

39. Windstorm Or Hail Exclusion

a. Description

Washington Windstorm Or Hail Exclusion Endorsement **BP 14 90** may be used to exclude loss or damage caused by windstorm or hail.

b. Endorsement

Use Endorsement **BP 14 90**.

c. Rules

In the Schedule of Endorsement **BP 14 90** identify the Premises Number and Building Number of the building(s) to which the endorsement is to apply.

d. Rate Modification

Subtract the appropriate amount in Table **29.A.39.d.(LC)** from the state base rate determined in Rule **23.C.6.a.(2)(a)**. This should be done separately for buildings and business personal property.

The following is added to Paragraph **B.:**

Liability arising out of the actual or alleged transmission of viral or bacterial infections may be excluded by attaching Washington – Exclusion – Viral Or Bacterial Infections – Exception For Designated Infection, Ongoing Operations Or Products Endorsement **BP 15 24**. This exclusion applies with respect to the actual or alleged transmission of a viral or bacterial infection that is transmitted through aerosol particles or respiratory droplets and also with respect to a viral or bacterial infection that is transmitted through any individual or animal (including insects) by any means, other than through aerosol particles or respiratory droplets, including but not limited to viral or bacterial infections that are sexually transmitted. This exclusion does not apply to infections, ongoing operations or the named insured's products described in the Schedule of the endorsement.

Refer to company for rating.

Paragraph **B.7.a.(1)** is replaced by the following:

B. Liability Endorsements

7. Employment-related Practices Liability

a. Employment-related Practices Exclusion Endorsement

(1) Use Washington – Employment-related Practices Exclusion Endorsement **BP 04 60**.

Paragraph **B.11.b.** is replaced by the following:

11. Hired Auto And Non-owned Auto Liability

b. Endorsement

Use Washington Hired Auto And Non-owned Auto Liability Endorsement **BP 04 20**.

Paragraph **B.13.a.** is replaced by the following:

13. Liquor Liability Coverage

a. Endorsements

The following endorsements are available:

- (1) Liquor Liability Endorsement **BP 04 88** deletes the liquor liability exclusion in Section II – Liability of the Businessowners Coverage Form.
- (2) Liquor Liability Coverage Endorsement **BP 04 89** and Liquor Liability Coverage – Bring Your Own Alcohol Establishments Endorsement **BP 14 89** provide coverage against claims for bodily injury or property damage sustained by any person or organization if liability for such injury is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. Endorsement **BP 14 89** extends such coverage to an insured who permits any person to bring alcoholic beverages on their premises, for consumption on their premises. The Schedules of the endorsements provide an entry for:
 - (a) A Liquor Liability Aggregate Limit which is the most that will be paid for all claims for bodily injury or property damage arising out of the selling, serving or furnishing of any alcoholic beverage; and
 - (b) An Each Common Cause Limit which is the most that will be paid for all bodily injury or property damage sustained by one or more persons or organizations as the result of the selling, serving or furnishing of alcoholic beverages to any one person.

Neither the Liability And Medical Expenses Limit of Insurance shown in the Declarations nor its aggregate limits apply to damages arising out of the selling, serving or furnishing of alcoholic beverages.
- (3) Washington Amendment – Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities Endorsement **BP 04 26** amends the liquor liability exclusion in Section II – Liability of the Businessowners Coverage Form by specifying that the exclusion applies (1) whenever a charge is made for serving or furnishing alcoholic beverages, (2) when alcohol is served or furnished without charge, if a "Banquet Permit" as defined in Wash. Rev. Code Section 66.04.0110(19), or a license is required for the activity, and (3) when alcoholic beverages are permitted to be brought on the named insured's premises, for consumption on the named insured's premises. However, this endorsement permits exemption of premises or functions scheduled in the endorsement.

Paragraph **B.13.b.(4)** is replaced by the following:

b. Liquor Liability Grades

- (4) The Liquor Liability Numerical Grade is 5.

Citation of Statute: WASH. REV. CODE ANN. Sections 66.44.200 and 66.44.270

These sections are not dramshop statutes, but are part of the Alcoholic Beverage Control Law.

Section 66.44.200 makes it unlawful to sell liquor to a person apparently under the influence of liquor, and Section 66.44.270 makes it unlawful to sell intoxicating liquor to a person under 21.

Comments:

WASH. REV. CODE ANN. 5.40.050 (relating to breach of duty) provides that, with certain exceptions, a breach of a duty imposed by statute, ordinance, or administrative rule shall not be considered negligence per se, but may be considered by the trier of fact as evidence of negligence.

Paragraph **B.15.b.** is replaced by the following:

15. Mold – Fungi Or Bacteria Exclusion (Liability) Endorsement

b. Endorsement

Use Washington – Fungi Or Bacteria Exclusion (Liability) Endorsement **BP 06 69**.

Paragraph **B.16.b.** is replaced by the following:

16. Mold – Limited Fungi Or Bacteria Coverage (Liability) Endorsement

b. Endorsement

Use Washington – Limited Fungi Or Bacteria Coverage (Liability) Endorsement **BP 06 71**.

Paragraph **B.32.** does not apply.

Paragraph **E.1.a.(1)(d)** is replaced by the following:

E. Other Endorsements

1. Information Security Protection Endorsement

a. Description Of Coverage

(1) Insuring Agreements

(d) Insuring Agreement d. Security Breach Liability

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged neglect, breach of duty or omission by an insured that results in a security breach, as that term is defined in the endorsement, or transmission of a computer virus to another person or organization.

Loss, as it pertains to this insuring agreement, does not include civil or criminal fines or penalties imposed by law, or punitive or exemplary damages.

Coverage may also be provided for defense expenses in connection with a regulatory proceeding as a result of a wrongful act covered under the insuring agreement.

Paragraphs **E.1.g.(1)**, **E.1.g.(2)** and **E.1.g.(3)** are replaced by the following:

g. Premium Determination

- (1)** For Tier 1 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(1)(LC)** to determine the additional premium.
- (2)** For Tier 1 and Tier 2 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(2)(LC)** to determine the additional premium.
- (3)** For Tier 1, Tier 2 and Tier 3 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(3)(LC)** to determine the additional premium.

Paragraph **E.1.i.** is replaced by the following:

i. Payment Card Industry Coverage

(1) Description Of Coverage

This endorsement provides coverage for defense expenses as a result of a claim in the form of an action taken by a card company for noncompliance with Payment Card Industry Data Security Standards first made against the insured during the policy period or during the Extended Reporting Period in response to a wrongful act or series of interrelated wrongful acts covered under Insuring Agreement **d. Security Breach Liability**.

(2) Endorsement

Use Payment Card Industry (PCI) – Provide Coverage For Defense Expenses Endorsement **BP 15 09**.

(3) Premium Determination

Develop the additional premium by multiplying the premium determined in Paragraphs **g.(2)** through **g.(6)** by the factor shown in state Table **29.E.1.i.(3)(RF)**.

Washington Viral Or Bacterial Infection Exclusion Related Rule Revision

About This Filing

We are revising a Washington rule exception in conjunction with the introduction of a Washington viral or bacterial infection exclusion endorsement in companion forms filing BP-2022-OEND1.

Revised Rule

We are revising the following rule:

- ◆ Rule 29. Endorsements

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

Related Filing(s)

- ◆ BP-2022-OEND1 (Forms)

Background

In companion forms filing BP-2022-OEND1, we are submitting a Washington viral or bacterial infection exclusion endorsement for use with the Businessowners Coverage Form.

Explanation of Changes

We are revising a Washington rule exception to reflect the introduction of a Washington viral or bacterial infection exclusion endorsement.

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29. ENDORSEMENTS

Paragraph **A.13.** is replaced by the following:

A. Property Endorsements

13. Functional Business Personal Property Valuation

a. Description Of Coverage

Washington Functional Business Personal Property Valuation Endorsement **BP 05 51** provides coverage for specifically scheduled item(s) of business personal property which can be replaced with similar property that performs the same function as currently used. Coverage is provided:

- (1) On a functional replacement cost basis when repair or replacement is contracted for within 180 days of the loss or damage.
- (2) On a market value basis if repair or replacement is not contracted for within 180 days of the loss or damage.

b. Endorsement

Use Endorsement **BP 05 51**.

c. Rules

(1) Blanket Insurance

Not applicable.

(2) Business Personal Property

Item(s) of business personal property scheduled in this endorsement should be excluded from Your Business Personal Property. However, the total limit of the scheduled items should be considered when determining the Business Personal Property Limit of Insurance Relativity Factor under Rule **23.C.6.a.(2)(c)(iii)ii**.

d. Premium Determination

Develop the premium for Functional Business Personal Property Valuation Coverage by multiplying the Business Personal Property rate determined in Rule **23.C.6.a.(2)(b)(viii)** by the applicable factor shown in Table **29.A.13.d.(RF)** of the Rating Relativities and Factors Section of the manual. Multiply the result by the Functional Business Personal Property limit of insurance (per \$100).

e. Coverage Examples

- (1) A printing company is currently using an antiquated printing press with an actual cash value of \$50,000. If this press were destroyed, replacement with an identical press would be impossible. The closest equivalent type of property available is a two-color printer which would cost \$100,000. Using Endorsement **BP 05 51** and specifically scheduling the printing press, the insured could choose a limit of insurance of \$100,000 to have coverage for the cost of the newer printer.
- (2) A company is currently using a computer purchased five years ago for \$10,000. If this computer were destroyed, the cost to replace this computer with one that performs the same functions would be \$3,000, due to technological advancements. Using Endorsement **BP 05 51** and specifically scheduling the computer, the insured could choose a limit of \$3,000 to have coverage for the cost of the newer computer.

Paragraph **A.16.** is replaced by the following:

16. Loss Payable Clauses

a. Description Of Coverage

This endorsement provides for naming:

- (1) Loss payee;
- (2) Loss payee under a contract-of-sale arrangement; or
- (3) Building owner loss payee.

b. Endorsement

Use Washington Loss Payable Clauses Endorsement **BP 12 06**.

Paragraph **A.18.b.** is replaced by the following:

18. Mold – Fungi, Wet Rot Or Dry Rot

b. Washington Exception

Changes – Limited Fungi Coverage Endorsement **BP 05 76** is a multistate form that increases the coverage described in Paragraph **a**. This endorsement is not applicable in Washington.

Paragraph **A.19.** is replaced by the following:

19. Named Perils – Building And Business Personal Property

a. Description Of Coverage

This endorsement amends the Businessowners Coverage Form **BP 00 03** to modify the level of coverage to a named perils basis. This endorsement deletes the Collapse and Water Damage, Other Liquids Powder or Molten Material Damage Additional Coverages in Form **BP 00 03**.

Additionally, this endorsement provides an option to replace the Money and Securities Optional Coverage in Form **BP 00 03** with the Burglary and Robbery Optional Coverage.

b. Endorsement

Use Washington Changes – Named Perils Endorsement **BP 10 64**.

Paragraph **A.26.b.** is replaced by the following:

26. Water Back-up And Sump Overflow

b. Endorsement

Use Washington – Water Back-up And Sump Overflow Endorsement **BP 14 53**.

Paragraph **A.39.** is replaced by the following:

39. Windstorm Or Hail Exclusion

a. Description

Washington Windstorm Or Hail Exclusion Endorsement **BP 14 90** may be used to exclude loss or damage caused by windstorm or hail.

b. Endorsement

Use Endorsement **BP 14 90**.

c. Rules

In the Schedule of Endorsement **BP 14 90** identify the Premises Number and Building Number of the building(s) to which the endorsement is to apply.

d. Rate Modification

Subtract the appropriate amount in Table **29.A.39.d.(LC)** from the state base rate determined in Rule **23.C.6.a.(2)(a)**. This should be done separately for buildings and business personal property.

The following is added to Paragraph **B.**:

Liability arising out of the actual or alleged transmission of viral or bacterial infections may be excluded by attaching Washington – Exclusion – Viral Or Bacterial Infections – Exception For Designated Infection, Ongoing Operations Or Products Endorsement **BP 15 24**. This exclusion applies with respect to the actual or alleged transmission of a viral or bacterial infection that is transmitted through aerosol particles or respiratory droplets and also with respect to a viral or bacterial infection that is transmitted through any individual or animal (including insects) by any means, other than through aerosol particles or respiratory droplets, including but not limited to viral or bacterial infections that are sexually transmitted. This exclusion does not apply to infections, ongoing operations or the named insured's products described in the Schedule of the endorsement.

Refer to company for rating.

Paragraph **B.7.a.(1)** is replaced by the following:

B. Liability Endorsements

7. Employment-related Practices Liability

a. Employment-related Practices Exclusion Endorsement

(1) Use Washington – Employment-related Practices Exclusion Endorsement **BP 04 60**.

Paragraph **B.11.b.** is replaced by the following:

11. Hired Auto And Non-owned Auto Liability

b. Endorsement

Use Washington Hired Auto And Non-owned Auto Liability Endorsement **BP 04 20**.

Paragraph **B.13.a.** is replaced by the following:

13. Liquor Liability Coverage

a. Endorsements

The following endorsements are available:

- (1) Liquor Liability Endorsement **BP 04 88** deletes the liquor liability exclusion in Section II – Liability of the Businessowners Coverage Form.
- (2) Liquor Liability Coverage Endorsement **BP 04 89** and Liquor Liability Coverage – Bring Your Own Alcohol Establishments Endorsement **BP 14 89** provide coverage against claims for bodily injury or property damage sustained by any person or organization if liability for such injury is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. Endorsement **BP 14 89** extends such coverage to an insured who permits any person to bring alcoholic beverages on their premises, for consumption on their premises. The Schedules of the endorsements provide an entry for:
 - (a) A Liquor Liability Aggregate Limit which is the most that will be paid for all claims for bodily injury or property damage arising out of the selling, serving or furnishing of any alcoholic beverage; and
 - (b) An Each Common Cause Limit which is the most that will be paid for all bodily injury or property damage sustained by one or more persons or organizations as the result of the selling, serving or furnishing of alcoholic beverages to any one person.Neither the Liability And Medical Expenses Limit of Insurance shown in the Declarations nor its aggregate limits apply to damages arising out of the selling, serving or furnishing of alcoholic beverages.
- (3) Washington Amendment – Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities Endorsement **BP 04 26** amends the liquor liability exclusion in Section II – Liability of the Businessowners Coverage Form by specifying that the exclusion applies (1) whenever a charge is made for serving or furnishing alcoholic beverages, (2) when alcohol is served or furnished without charge, if a "Banquet Permit" as defined in Wash. Rev. Code Section 66.04.0110(19), or a license is required for the activity, and (3) when alcoholic beverages are permitted to be brought on the named insured's premises, for consumption on the named insured's premises. However, this endorsement permits exemption of premises or functions scheduled in the endorsement.

Paragraph **B.13.b.(4)** is replaced by the following:

b. Liquor Liability Grades

- (4) The Liquor Liability Numerical Grade is 5.

Citation of Statute: WASH. REV. CODE ANN. Sections 66.44.200 and 66.44.270

These sections are not dramshop statutes, but are part of the Alcoholic Beverage Control Law.

Section 66.44.200 makes it unlawful to sell liquor to a person apparently under the influence of liquor, and Section 66.44.270 makes it unlawful to sell intoxicating liquor to a person under 21.

Comments:

WASH. REV. CODE ANN. 5.40.050 (relating to breach of duty) provides that, with certain exceptions, a breach of a duty imposed by statute, ordinance, or administrative rule shall not be considered negligence per se, but may be considered by the trier of fact as evidence of negligence.

Paragraph **B.15.b.** is replaced by the following:

15. Mold – Fungi Or Bacteria Exclusion (Liability) Endorsement

b. Endorsement

Use Washington – Fungi Or Bacteria Exclusion (Liability) Endorsement **BP 06 69**.

Paragraph **B.16.b.** is replaced by the following:

16. Mold – Limited Fungi Or Bacteria Coverage (Liability) Endorsement

b. Endorsement

Use Washington – Limited Fungi Or Bacteria Coverage (Liability) Endorsement **BP 06 71**.

Paragraph **B.32.** does not apply.

Paragraph **E.1.a.(1)(d)** is replaced by the following:

E. Other Endorsements

1. Information Security Protection Endorsement

a. Description Of Coverage

(1) Insuring Agreements

(d) Insuring Agreement d. Security Breach Liability

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged neglect, breach of duty or omission by an insured that results in a security breach, as that term is defined in the endorsement, or transmission of a computer virus to another person or organization.

Loss, as it pertains to this insuring agreement, does not include civil or criminal fines or penalties imposed by law, or punitive or exemplary damages.

Coverage may also be provided for defense expenses in connection with a regulatory proceeding as a result of a wrongful act covered under the insuring agreement.

Paragraphs **E.1.g.(1)**, **E.1.g.(2)** and **E.1.g.(3)** are replaced by the following:

g. Premium Determination

- (1)** For Tier 1 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(1)(LC)** to determine the additional premium.
- (2)** For Tier 1 and Tier 2 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(2)(LC)** to determine the additional premium.
- (3)** For Tier 1, Tier 2 and Tier 3 coverages, based on the limit of insurance and deductible selected, refer to state rates Table **29.E.1.g.(3)(LC)** to determine the additional premium.

Paragraph **E.1.i.** is replaced by the following:

i. Payment Card Industry Coverage

(1) Description Of Coverage

This endorsement provides coverage for defense expenses as a result of a claim in the form of an action taken by a card company for noncompliance with Payment Card Industry Data Security Standards first made against the insured during the policy period or during the Extended Reporting Period in response to a wrongful act or series of interrelated wrongful acts covered under Insuring Agreement **d. Security Breach Liability**.

(2) Endorsement

Use Payment Card Industry (PCI) – Provide Coverage For Defense Expenses Endorsement **BP 15 09**.

(3) Premium Determination

Develop the additional premium by multiplying the premium determined in Paragraphs **g.(2)** through **g.(6)** by the factor shown in state Table **29.E.1.i.(3)(RF)**.