

# CYBER LIABILITY

**MICHAEL J. KELLY INSURANCE AGENCY**  
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ALARM & SECURITY COMMUNICATIONS LIABILITY



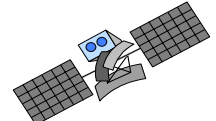
CABLE TV & TELECOMMUNICATIONS LIABILITY



COMMUNICATIONS PROFESSIONAL E & O LIABILITY



PHONE INTERNET NETWORK LIABILITY



WIRELESS BROADCASTING LIABILITY

## COMBINED CYBERLIABILITY AND COMPUTER/TECHNOLOGY ERRORS & OMISSIONS APPLICATION.

### WHAT THE APPLICANT SHOULD KNOW ABOUT THIS APPLICATION:

#### DEFINITIONS -

The words **Applicant, You and Your** in this application refer individually and collectively to:

1. The corporation(s), partnership(s) and/or sole proprietorship(s) for which coverage is desired;
2. Each person who is an officer, director, owner, partner or employee of the firm(s) listed in Item 1. above.

#### DEDUCTIBLE -

The coverage the **Applicant** is applying for includes a deductible applying to each wrongful act and to any combination of damages and claim expense.

#### CLAIM EXPENSE WITHIN THE LIMIT -

The policy form for which the **Applicant** is applying contains a provision that reduces the policy limit stated in the policy by the amount of claim expense paid by the company.

#### APPLICATION FORMS PART OF POLICY -

The submission of this application does not obligate the **Applicant** to buy insurance nor is the Company obligated to sell Insurance or to offer insurance upon any specific terms requested. If coverage is effected, this application containing the **Applicant's** statements and answers will attach to and form a part of the policy. If coverage is offered or bound, any false or incorrect statements or answers, which may have affected the Company's decision to offer or bind coverage, could result in the offer being retracted or coverage being voided.

#### INSTRUCTIONS-

The purpose of this application is not only to provide the Company with underwriting and rating information, but more importantly, to help make certain the **Applicant** and the Company have a common understanding about what the policy, if issued, will cover and what it will not. Thank you for taking the time to provide complete and accurate information.

1. Answer all questions. If any question does not apply, explain why not.
2. If space is insufficient, continue answers on the **Applicant's** letterhead.
3. The application **must be signed and dated** by a principal, partner, officer or director of the **Applicant**.
4. Please also provide:
  - A. A recent brochure or similar material describing activities or services.
  - B. The **Applicant's** most recent financial statement or annual report.
  - C. Copies of standard contracts the **Applicant** enters into with clients.
  - D. Any other forms or materials which will provide the Underwriter with information about the activities or services the **Applicant** performs.

#### I. APPLICANT(S):

1. Name of entity completing this application:

Street Address:

City, State, Zip Code:

Telephone Number:

2. Names of parent, subsidiary or affiliated entities for which coverage is desired. Provide a brief description and operations of each, including percentage of common ownership.

3. Please provide **Your** Web Site address(es):

A. What steps were taken to insure that **Your** domain name(s) does/do not infringe on the intellectual property rights of others?

B. Are **You** aware of any potential or actual disputes over **Your** domain name(s) or domain names under **Your** control? \_\_\_\_\_ Yes \_\_\_\_\_ No If Yes, please explain:

4. Provide the year **You** began **Your** cyberspace activities:

5. In the past five years have any of **You** changed **Your** name, acquired, merged or consolidated with any entity?  
\_\_\_\_\_ Yes \_\_\_\_\_ No If Yes, provide the following:

Name of entity:

Date of transaction:

Liabilities assumed:

6. Provide the number of:

**Your** Principals, Officers and Partners: \_\_\_\_\_

**Your** employees: \_\_\_\_\_

**Your** independent contractors: \_\_\_\_\_

## II. **ACTIVITIES OR SERVICES:**

1. A. Describe the activities or services provided that **You** wish to insure:

B. Please indicate the approximate percentages of **Your** operations derived from the following Internet services performed for others.

\_\_\_\_\_ % Proprietary On-line Services (Commercial On-line Services, Proprietary Database Services)

\_\_\_\_\_ % Internet Access Only Services

\_\_\_\_\_ % Web Page Development, Design and Consulting Services

\_\_\_\_\_ % Website Hosting and Administration Activities

\_\_\_\_\_ % Website Ownership Activities

\_\_\_\_\_ % Bulletin Board, Chat, Forum or Newsgroup Operations and Services

\_\_\_\_\_ % Cyberspace Software Development (Internet-related software)

\_\_\_\_\_ % Interactive Electronic Environments and Virtual Communities Operations and Services (including MUDs, MUCKs, etc.)

\_\_\_\_\_ % Internet Content Provision and Aggregation Services (articles, photo, audio, etc.)

\_\_\_\_\_ % Intranets, Extranets and Infra-Business Networks Hosting, Management and Consulting Services

\_\_\_\_\_ % Search Engines

\_\_\_\_\_ % E-Commerce

\_\_\_\_\_ % Other - Please describe:

C. Please indicate the approximate percentages of **Your** total operations derived from the following technology services performed for others.

\_\_\_\_\_ % Electronic Data Processing

\_\_\_\_\_ % Technology Consulting

\_\_\_\_\_ % Custom Software Development

\_\_\_\_\_ % Package Software Development

\_\_\_\_\_ % Sale of Software on behalf of others

\_\_\_\_\_ % Sale of Hardware on behalf of others (value-added resale)

\_\_\_\_\_ % Time-Sharing

\_\_\_\_\_ % Systems Analysis/Design/Integration/Mitigation/Consulting

\_\_\_\_\_ % Outsourcing/Independent Contractor Provider

\_\_\_\_\_ % Software Maintenance and Support Services

\_\_\_\_\_ % Local/Long Distance/Cellular Service Provider

- \_\_\_\_\_ % Enterprise Resource/Risk Management
- \_\_\_\_\_ % Relational Database Systems
- \_\_\_\_\_ % Hardware or Components, Machinery, Equipment Installation, Maintenance & Support Services
- \_\_\_\_\_ % Design, Manufacture or Modification of Computer Hardware Components, Machinery & Equipment
- \_\_\_\_\_ % Other - Please describe:
  
- \_\_\_\_\_ % **TOTAL - THE COMBINED TOTAL OF THE PERCENTAGES GIVEN IN II.1.B & C. MUST EQUAL 100%.**

2. Please indicate the percentages in each of the following areas in which **Your** software or services for others has major or primary applications. (Must total 100%.)

- |  |  |
|--|--|
| _____ % LAN/Network Management                         | _____ % Administrative                                 |
| _____ % Accounting                                     | _____ % Educational                                    |
| _____ % Architectural (e.g. Model building/projection) | _____ % Imaging  |
| _____ % Utilities/Oil & Gas Power/Nuclear Energy       | _____ % Publishing                                     |
| _____ % Database Management Systems/4GL                | _____ % Office Automation                              |
| _____ % Scientific/Mathematical                        | _____ % Internet/Intranet/Extranet                     |
| _____ % Electronic Data Interchange                    | _____ % Telecommunications                             |
| _____ % Systems Security/Firewalls/Encryption          | _____ % Medical  |
| _____ % Banking/Financial/Funds Transfer               | _____ % Fire, Security or other Emergency Applications |
| _____ % Environmental/Pollution                        | _____ % Government                                     |
| _____ % Other - Please describe:                       | _____ % <b>Total</b>                                   |

3. Are **You** involved with computer-aided manufacturing (CAM), computer-aided engineering (CAE), computer-aided design/drafting (CAD) or real-time monitoring systems or software? \_\_\_\_\_ Yes \_\_\_\_\_ No  
 If Yes, provide a complete description of such activity, including end use of applications by client.

4. Briefly describe **Your** standard customer contract:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

5. Briefly describe **Your** five largest customer contracts during the past five years:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

Size (Revenue): \$

Duration (Please Specify Weeks/Months/Years):

Service(s) Performed:

**III. FINANCIAL RESULTS AND PROJECTIONS:**

1. Please provide the following information regarding **Your** gross revenues from the operations referenced in **Section II.1.B & C:**

A. Domestic Operations	Previous 12 months	Current 12 months	Estimate for coming year
Gross Revenue	\$	\$	\$
Gross Expenses	\$	\$	\$
<b>B. Foreign Operations</b>			
Gross Revenue	\$	\$	\$
Gross Expenses	\$	\$	\$
<b>C. Total Revenue (From all Revenue Sources)</b>			
Domestic Operations	\$	\$	\$
Foreign Operations	\$	\$	\$

**IV. CONTENT:**

1. Type of content disseminated on-line (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Entertainment/Games                     | <input type="checkbox"/> Law/Legal                       |
| <input type="checkbox"/> Cultural (art/music)                    | <input type="checkbox"/> Insurance                       |
| <input type="checkbox"/> Financial                               | <input type="checkbox"/> Database                        |
|  | Please specify subject:                                  |
| <input type="checkbox"/> Medical                                 | <input type="checkbox"/> Travel                          |
| <input type="checkbox"/> News                                    | <input type="checkbox"/> Religious                       |
| <input type="checkbox"/> Sports                                  | <input type="checkbox"/> Commentary/Editorial            |
| <input type="checkbox"/> Adult                                   | <input type="checkbox"/> Children's Interest             |
| <input type="checkbox"/> Software for downloading (applications) | <input type="checkbox"/> Advertising/Product Comparisons |
| <input type="checkbox"/> Other - Please describe:                |  |

2. Please indicate the percentage of content that is:

- A. Original content created by **You** \_\_\_\_\_%
- B. Original content created by others (third parties) for **You** \_\_\_\_\_%
- C. Previously published, released or archived content to be republished by **You** and/or retrievable by **You** \_\_\_\_\_%

3. Have **You** obtained all the necessary rights, licenses, releases and consents applicable to all content designated in B. and C. of Question 2. above?  Yes  No If No, please explain:

4. Do **You** edit or review content created or provided to **You** by others?  Yes  No

5. Do those parties providing content to **You** indemnify the **Applicant**, in writing, for any claims arising out of the use of the content provided?  Yes  No

6. Describe **Your** policies and procedures for removing controversial or potentially defamatory or infringing material.

7. If **You** facilitate the uploading/downloading of content, including software, please describe in detail **Your** procedures regarding copyrighted material and the licensing of software.

**V. INFORMATION GATHERING:**

1. Do **You** collect user specific information (e.g. from site visitors)?  Yes  No

2. Do **You** share, sell or give this information to outside parties?  Yes  No

- If Yes, is user permission obtained? \_\_\_\_\_ Yes \_\_\_\_\_ No
3. Do **You** employ a privacy disclosure statement on **Your** website(s)? \_\_\_\_\_ Yes \_\_\_\_\_ No
4. Do **You** perform privacy audits to make sure **You** are in compliance with **Your** privacy policy as set out in **Your** privacy disclosure statement? \_\_\_\_\_ Yes \_\_\_\_\_ No
- A. If Yes, who performs the audit?
- B. How frequently are the audits performed?
- C. What actions have been taken to correct any unfavorable results?
5. Does **Your** content or software include any electronic Information gathering (spyware/adware)?  
 \_\_\_\_\_ Yes \_\_\_\_\_ No

**VI. SECURITY MEASURES:**

1. Describe the security measures used to prevent unauthorized access to:
- A. **Your** premises and facilities:
- B. **Your** computer systems/servers entrusted to others:
- C. **Your** computer systems/servers entrusted to employees:
- D. **Your** computer systems/servers located on **Your** premises:
- E. Computer systems/services of others in **Your** care, custody and/or control:
2. Describe the security measures used by **You** to protect confidentiality and integrity of data:
3. Advise technology **You** use for:
- A. Encryption:
- B. Authentication:
- C. Anti-virus:
4. Do **You** perform security audits? \_\_\_\_\_ Yes \_\_\_\_\_ No
- A. If Yes, who performs the audit?
- B. How frequently are the audits performed?
- C. What actions have been taken to correct any unfavorable results?
5. A. Do **You** have a formal, documented security policy? \_\_\_\_\_ Yes \_\_\_\_\_ No
- B. Do **You** document that all employees have read and understand **Your** security policy?  
 \_\_\_\_\_ Yes \_\_\_\_\_ No
6. In the last two years, have **You** experienced any security breaches? \_\_\_\_\_ Yes \_\_\_\_\_ No  
 If Yes, please explain and identify the steps taken to prevent future security breaches.
7. Backup of **Your** computer systems and data:
- A. How often are backups performed?
- B. Are backups stored off site? \_\_\_\_\_ Yes \_\_\_\_\_ No



B. If Yes, what percentage of total revenues is attributable to independent contractor or vendor work? \_\_\_\_\_%

C. Why do **You** use independent contractors or vendors?

- (1) As a regular supplement to staff? \_\_\_\_\_ Yes \_\_\_\_\_ No
- (2) For expertise that does not exist within Your operations for a particular project? \_\_\_\_\_ Yes \_\_\_\_\_ No
- (3) Other: \_\_\_\_\_

10. Describe in detail the type of services **Your** independent contractors or vendors provide.

11. Describe experience/qualification requirements for Independent contractors or vendors.

12. Describe how **You** monitor and manage the quality of services performed by **Your** independent contractors or vendors.

13. Do **You** obtain certificates of insurance for every independent contractor or vendor **You** use showing coverage for Errors and Omissions or professional liability? \_\_\_\_\_ Yes \_\_\_\_\_ No  
Please provide sample copies of contracts used with Independent contractors or vendors.

**VIII. CLAIMS EXPERIENCE:**

1. Have any claims, suits or proceedings been made during the past five years against **You** or any of **Your** predecessors in business, subsidiaries or affiliates or against any of the past or present partners, owners, officers, sales persons or employees arising out of the activities described in this application? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If Yes, complete a Supplemental Claim Information Form for each.

**THE POLICY FOR WHICH YOU ARE APPLYING, IF ISSUED, WILL NOT INSURE ANY CLAIMS, SUITS OR PROCEEDINGS MADE AGAINST YOU BEFORE THE INCEPTION DATE OF THE POLICY OR ANY SUBSEQUENT CLAIMS, SUITS OR PROCEEDINGS ARISING THEREFROM.**

2. Are any of **You** aware of any actual or alleged fact, circumstance, situation, error or omission, which may reasonably be expected to result in a claim being made against **You** or any of the persons or entities described in **Section VIII.1** above? \_\_\_\_\_ Yes \_\_\_\_\_ No If Yes, please explain:

**THE POLICY FOR WHICH YOU ARE APPLYING, IF ISSUED, WILL NOT INSURE ANY CLAIMS THAT CAN REASONABLY BE EXPECTED TO ARISE FROM ANY ACTUAL OR ALLEGED FACT, CIRCUMSTANCE, SITUATION, ERROR OR OMISSION KNOWN TO ANY OF YOU BEFORE THE INCEPTION DATE OF THE POLICY.**

3. Have any of **You** or any of **Your** predecessors in business, subsidiaries or affiliates or any of their past or present partners, owners, officers, sales persons or employees been investigated and/or cited by any regulatory agency for violations arising out of their activities? \_\_\_\_\_ Yes \_\_\_\_\_ No If Yes, please explain:

**IX. PRIOR OR CURRENT COVERAGE:**

1. A. Provide the following information for similar insurance, if any, carried during the last five years:

Company	Limit	Deductible	Premium	Policy Term
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B. Advise current retroactive date (Please provide current declarations page.):

2. A. Provide the following information for Commercial General Liability coverage currently in force:

Company	Limit	Policy Period
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THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:**

WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

**NOTICE TO FLORIDA APPLICANTS:**

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.

**NOTICE TO KENTUCKY APPLICANTS:**

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

**NOTICE TO LOUISIANA APPLICANTS:**

ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MAINE APPLICANTS:**

IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO NEW JERSEY APPLICANTS:**

ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW MEXICO APPLICANTS:**

ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

**NOTICE TO NEW YORK APPLICANTS:**

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

**NOTICE TO OHIO APPLICANTS:**

ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

**NOTICE TO OKLAHOMA APPLICANTS:**

WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

**NOTICE TO PENNSYLVANIA APPLICANTS:**

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO TENNESSEE AND VIRGINIA APPLICANTS:**

IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.