

**Beazley** | Financial Institutions  
Comprehensive Crime and Civil Liability  
Insurance

beazley

beautifully  
designed  
insurance

## Contents

Schedule .....	1
Insuring Clause .....	2
Coverage Extensions.....	2
Coverage Restrictions .....	4
Claim Provisions .....	11
General Conditions .....	16
Definitions .....	22

### Beazley Claims Service

The **insurer** will assign a Claims Manager and provide their e-mail address, direct dial telephone number and mobile phone number.

The Claims Manager will endeavour to respond to phone calls within one business day and if the assigned Claims Manager is unable to respond for whatever reason, another Claims representative will contact you.

The Claims Manager, and where applicable the **insurer's** external advisors, will respond in a prompt, professional and transparent manner and will provide straight answers and deliver on commitments.

Claims Managers will be available for meetings to candidly discuss any coverage or claims issues, and will keep an open mind and give any alternative opinions due consideration. Claims Managers work closely with the underwriting teams to ensure that the policy intent is respected.

# Schedule

**Policy Number:**

**Parent company:** Name:  
Address:

**Policy period:** From:  
To:

**Limits of Liability:** GBP in the aggregate during the **policy period**

**Coverage Extensions**

The following sub-limits will apply in the aggregate during the **policy period** as follows:

GBP1,000,000 for **Data security breach costs**

**Retention:**

**Insuring Clauses**

(1) Civil Liability

GBP each and every **claim** or **regulatory event**

(2) Crime

GBP each and every **crime loss**

**Discovery Period:** 365 days  
Additional Premium payable of 100% of the annual premium plus applicable taxes

**Premium:** GBP (annual) plus applicable taxes

THIS POLICY SETS OUT THE TERMS UPON WHICH THE **INSURER** AGREES TO INSURE THE **INSURED** IN CONSIDERATION OF THE PAYMENT OF, OR AGREEMENT TO PAY, THE PREMIUM. THE INSURING CLAUSES AND COVERAGE EXTENSIONS ARE SUBJECT TO ALL TERMS, CONDITIONS, RESTRICTIONS AND LIMITATIONS OF THIS POLICY.

## A. Insuring Clauses

### 1. Civil liability

The **insurer** will pay on behalf of the **insured** any **professional loss** resulting from a **claim** first made against the **insured** during the **policy period**.

### 2. Crime

The **insurer** will reimburse the **insured** for **crime loss** which is first **discovered** during the **policy period** and which results directly from:

- (a) the **dishonest act of an employee**;
- (b) a **documentary fraud**;
- (c) an **electronic or telephonic fraud**;
- (d) **physical loss of or damage to property** or **physical damage to or destruction of premises**;
- (e) **extortion**.

## B. Coverage Extensions

### CIVIL LIABILITY COVERAGE EXTENSIONS

#### 1. Regulatory extension

The **insurer** will pay **regulatory costs** of an **insured**.

#### 2. Mitigation extension

The **insurer** will pay **mitigation costs** of an **insured**.

## CRIME COVERAGE EXTENSIONS

### 3. Crime extensions

The **insurer** will reimburse or pay on behalf of the **insured** for:

- (a) **crime loss** which is first **discovered** during the **policy period** resulting directly from:
  - (i) the **insured** having a **legal liability for incomplete transactions**;
  - (ii) a **stop payment order liability**;
  - (iii) physical loss of or damage to cancelled cheques, cancelled drafts or cancelled credit card receipts;
  - (iv) a **theft via erroneous transfer**;
  - (v) a **loss of subscription rights**;
  - (vi) the **insured's** liability for interest that would have accrued to a customer of the **insured** but did not as a direct result of a **crime loss** covered under this policy.
- (b) **data security breach costs, software removal or reconstitution costs, legal costs** and **audit costs** necessarily incurred by the **insured** with the **insurer's** prior written consent, following and in connection with a direct financial loss sustained by the **insured** and payable by the **insurer** under this policy.
- (c) **corporate identity fraud costs** necessarily incurred by the **insured** with the **insurer's** prior written consent.

## C. Coverage Restrictions

### APPLICABLE TO CIVIL LIABILITY INSURING CLAUSE AND COVERAGE EXTENSIONS ONLY

The **insurer** will not be liable to make any payment under this policy for that part of any **professional loss**:

1. Bodily injury or property damage

resulting from any **claim** for actual or alleged bodily injury, sickness, disease or death of any person, or damage to, destruction, impairment or loss of use of any tangible property.

This Coverage Restriction will not apply to:

- (a) emotional distress, defamation, libel, slander or injurious falsehood committed by the **insured** or by any person for whose acts the **insured** is legally responsible;
- (b) loss, damage or destruction of physical or electronic **documents** or **personally identifiable customer information**.

2. Contractual liability

arising out of, based upon or attributable to any contractual penalty, acceptance by the **insured** of liability for any liquidated damages, or guarantee or warranty provided by the **insured**.

This Coverage Restriction will not apply to:

- (a) the **insured's** failure to perform its duties with reasonable skill and care, provided that the **insurer's** liability will be limited to such sums as the **insured** would have had to pay in the absence of such contractual penalty, liquidated damages or guarantee or warranty; or
- (b) any liability assumed by any **insured** which is a requirement of, or a condition contained within the membership rules, regulations or user agreements of:
  - (i) any regulated payment systems company, regulated exchange, clearing house or any other regulated trading facility, system or network providing services or functionality of a similar nature;
  - (ii) any party with which the **insured** has a written or electronic agreement for the provision of registration and entitlement records for the **insured** in connection with securities.

3. Dishonesty

arising out of, based upon or attributable to the gaining of profit or advantage to which the **insured** was not legally entitled or any dishonest or fraudulent act or omission or intentional breach of any laws or regulations by the **insured**.

This Coverage Restriction will only apply in the event that any of the above is established by final non-appealable adjudication of a **regulatory authority**, a judicial or arbitral tribunal or formal admission by the **insured**.

This Coverage Restriction will not apply to any actual or alleged vicarious liability of the **company** which arises from the dishonest or fraudulent acts or omissions or intentional breach of any laws or regulations by an **insured person**.

4. Duties to employees

arising out of, based upon or attributable to, directly or indirectly, any breach of any obligation or duty owed or purportedly owed by the **company** as a current, former or prospective employer.

5. Infrastructure

arising out of, based upon or attributable to any failure or malfunction of electrical or telecommunications infrastructure or services which are outside the control of the **insured**.

6. Insured v insured

arising out of any **claim** brought by or on behalf of any **insured**, or successor of any **insured**.

This Coverage Restriction will not apply to any **claim** brought by or on behalf of the **insured person** as a customer or client of the **company** or which emanates from an independent third party.

7. Intellectual property

arising out of, based upon or attributable to the breach of any intellectual property right or misappropriation of a trade secret.

8. Lender's liability

arising out of, based upon or attributable to any loan, lease or extension of credit by or on behalf of the **insured** or any collection, foreclosure or repossession in connection with a loan, lease or extension of credit.

This Coverage Restriction will not apply to a **claim** arising out of a **wrongful act** in the administration of any loan, lease or extension of credit.

9. RICO

arising out of, based upon or attributable to any actual or alleged violation by the **insured**, or by any person for whose acts the **insured** is legally responsible, of the Racketeer Influenced and Corrupt Organisations Act 18 USC, Sections 1961-1968 (U.S.A.).

This Coverage Restriction will not apply to any allegation of a breach of the Bribery Act 2010 (U.K.).

10. Prior claims and circumstances

arising out of, based upon or attributable to any **claim, regulatory event**, fact, circumstance or **wrongful act** of which notice has been given under any policy in relation to which this policy is a renewal or replacement or of which any **responsible person** had knowledge prior to the inception of this policy or any matter which taken together with such **claim, regulatory event**, fact, circumstance or **wrongful act** would constitute a **single event**.

This Coverage Restriction will not apply to facts or circumstances which have been notified to the **insurer** under any earlier policy but were not accepted by the **insurer** as a valid notification, and where cover has been maintained continuously with the **insurer** from the inception date of that earlier policy until the inception date of this policy.

11. Shareholder, bondholder or creditor

arising out of any **claim** which is brought by, in the right of or on behalf of any shareholder or bondholder of the **company** in its capacity as a shareholder or bondholder, or creditor in the event of the insolvency, receivership, bankruptcy or liquidation of the **company**.

For the purpose of determining the applicability of these Coverage Restrictions, the knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.



## **APPLICABLE TO CRIME INSURING CLAUSE AND COVERAGE EXTENSIONS ONLY**

The **insurer** will not be liable to make any payment under this policy for that part of any **crime loss**:

12. *Bills of lading and similar documents*

arising out of, based upon or attributable to, directly or indirectly, from any items which are or purport to be bills of lading, shipping documents, warehouse receipts, trust receipts, accounts receivable, or any other bill, document or receipt similar in nature or effect or serving a similar purpose, travellers' cheques or travellers' letters of credit.

This Coverage Restriction will not apply to Insuring Clause A.2(a) (dishonest act of an employee) or A.2(d) (physical loss of or damage to property or physical damage to or destruction of premises).

13. *Directors and partners dishonesty*

arising out of, based upon or attributable to, in whole or in part, any dishonest, fraudulent, malicious or criminal act of any director or partner of the **insured**, except to the extent that such director or partner is deemed to be an **employee**.

14. *Dishonest act of an employee*

arising out of, based upon or attributable to, directly or indirectly, any dishonest, fraudulent, malicious or criminal act of any **employee**.

This Coverage Restriction will not apply to Insuring Clause A.2(a) (dishonest act of an employee) or Coverage Extensions B.3(b) or B.3(c).

15. *Existence, valuation or performance of assets*

resulting from the **insured**, or any **financial organisation** acting on behalf of the **insured**, having acted or relied upon false information concerning the existence, valuation or performance of assets except when the information was fraudulently created, or fraudulently altered by a person other than the person who purported to have created it.

This Coverage Restriction only applies to Insuring Clause A.2(c) (electronic or telephonic fraud).

16. *Extortion, kidnap and ransom*

arising out of, based upon or attributable to extortion or kidnap and ransom.

This Coverage Restriction will not apply to Insuring Clause A.2(a) (dishonest act of an employee), A.2(e) (extortion) or **software removal or reconstitution costs** covered under Coverage Extension B.3(b).

17. *Fines, penalties or damages*

comprising fines, penalties or damages of any type except direct compensatory damages arising out of a **crime loss** covered by this policy.

18. Indirect loss

- (a) which is indirect or consequential except where covered under Coverage Extensions B.3(a), B.3(b) or B.3(c).
- (b) which represents loss or deprivation of income or profits (including interest and dividends), except for interest covered under Coverage Extension B.3(a)(vi) or a **loss of subscription rights** covered under Coverage Extension B.3(a)(v); or
- (c) arising out of, based upon or attributable to:
  - (i) business interruption or loss of computer time or use;
  - (ii) mechanical, electronic or software failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, **electronic media** failure or breakdown or any malfunction or error in programming; or
  - (iii) errors or omissions in processing except due to a **theft via erroneous transfer** covered under Coverage Extension B.3(a)(iv).

19. Litigation costs and loss establishment fees

which is incurred in establishing the existence or amount of **crime loss** covered under this policy, or in prosecuting or defending any legal proceeding, or incurred as a party to any legal proceeding.

This Coverage Restriction will not apply to Coverage Extensions B.3(b) and B.3(c).

20. Loan default

arising out of, based upon or attributable to the complete or partial non-payment of or default upon any **loan**.

This Coverage Restriction will not apply to Insuring Clause A.2(a) (dishonest act of an employee), A.2(b) (documentary fraud), A.2(c) (electronic or telephonic fraud) or **theft via erroneous transfer** covered under Coverage Extension B.3(a)(iv).

21. Plastic cards

arising out of, based upon or attributable to the use or purported use of any credit, debit, charge, access, convenience, smart, identification or other cards similar in nature or effect issued by, or purporting to have been issued by, the **insured**.

This Coverage Restriction will not apply to:

- (a) Insuring Clause A.2(a) (dishonest act of an employee);
- (b) to the extent there is a loss of currency in or at an automated teller machine and that **crime loss** is a **physical loss of or damage to property** covered under Insuring clause A.2(d); or
- (c) to the extent that **crime loss** is a direct result of an **electronic or telephonic fraud** covered under Insuring Clause A.2(c).

22. Prior discovery

which was **discovered** prior to the inception date of this policy.

23. Property damage

arising out of, based upon or attributable to, directly or indirectly, loss, damage or destruction:

- (a) of or to any premises, however caused, except where such loss, damage or destruction is a **physical damage to or destruction of premises** covered under Insuring Clause A.2(d);
- (b) of or to any property whatsoever by reason of wear, tear, gradual deterioration, moth or vermin;
- (c) as a result of looting, or any act of nature; or
- (d) arising out of, based upon or attributable to ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component.

24. Safe custody

arising out of, based upon or attributable to, directly or indirectly, the loss of or damage to **property**:

- (a) contained in a customer's safe deposit box; or
- (b) held by the **insured** in safe custody on behalf of a customer of the **insured** (other than identifiable **securities** actually held by the **insured** for its customers),

This Coverage Restriction will not apply to Insuring Clause A.2(a) (dishonest act of an employee), A.2(e) (extortion) or Coverage Extensions B.3(b) and B.3(c).

25. War and terrorism

- (a) arising out of, based upon or attributable to, directly or indirectly, war, invasion, act of foreign enemy, hostile operations (whether war has been declared or not), civil war, rebellion, revolution, insurrection, riot or civil commotion amounting to a popular uprising, military or takeover of power or martial law.
- (b) arising out of, based upon or attributable to, directly or indirectly, terrorism except where the **crime loss** results directly from any actual or attempted burglary, robbery, hold-up, theft or larceny.

This Coverage Restriction only applies to Insuring Clause A.2(d) (physical loss of or damage to property or physical damage to or destruction of premises), A.2(e) (extortion) or Coverage Extensions B.3(b) and B.3(c).

26. Written documents

arising out of, based upon or attributable to, directly or indirectly, the **insured** (or a **financial organisation** acting on behalf of the **insured**) having acted or relied upon electronic data for which the source is a physical document which is **forged, fraudulently altered, counterfeit** or contains information which is fictitious.

This Coverage Restriction only applies to Insuring Clause A.2(c) (electronic or telephonic fraud).

## D. Claim Provisions

### 1. Notification

#### (a) Claims and Regulatory events

The **insured** must give notice to the **insurer** of any:

- (i) **claim** made against the **insured** during the **policy period**; or
- (ii) **regulatory event** occurring during the **policy period**,

as soon as practicable after the **responsible person** first becomes aware of such **claim** or **regulatory event**, but in no event later than 60 days after the end of the **policy period**, or within any applicable **discovery period**.

The **insured** must also give notice to the **insurer** of any intention on the part of the **insured** to incur **mitigation costs** either prior to such costs being incurred, or in respect of a time critical event, within 14 days of such costs being incurred.

#### (b) Circumstances

The **insured** may, during the **policy period**, notify the **insurer** of any fact or circumstances which may in the reasonable opinion of the **responsible person** give rise to a **claim** or **regulatory event**.

Any notice must include the reasons why the **responsible person** reasonably anticipates that the fact or circumstances may give rise to a **claim** or **regulatory event** and, where available, full particulars of the dates, acts and persons involved.

Any **claim** which is made or **regulatory event** which occurs after the end of the **policy period** and which arises from a circumstance notified in accordance with this clause will be deemed to have been made or have occurred at the same time as the circumstance.

#### (c) Crime losses

Upon **discovery** of a **crime loss**, the **insured**, must:

- (i) give to the **insurer** written notice of that **crime loss**, as soon as practicable following **discovery**, but in no event later than 60 days after the end of the **policy period**, or within any applicable **discovery period**; and
- (ii) file a detailed proof of **crime loss** in a format agreed with the **insurer** within 6 months of such written notice, or within a further period as agreed in writing by the **insurer**.

In the event that the **insured** is prevented from notifying any **claim**, **regulatory event** or **crime loss** to the **insurer** (after the **insured** has sought consent to do so) due to any legal or regulatory prohibition restricting them from doing so, the **insured** will provide full details of that **claim**, **regulatory event** or **crime loss** to the **insurer** as soon as such restriction is lifted.

If the **insured** does not give notice to the **insurer** in compliance with this provision D.1 *Notification*, the **insurer** will have no liability under this policy in respect of that **claim**, **regulatory event**, **crime loss** or **mitigation costs**.

*(d) Related matters*

A **single event** will be treated by the **insurer** as having been notified when the first of such **claims, regulatory events** or **crime losses** was notified or is deemed to have been notified to the **insurer**, irrespective of whether or not the **insurer** has formally accepted the notice.

*(e) Address for notifications*

All notices must be sent either by e-mail to [flclaims@beazley.com](mailto:flclaims@beazley.com) or by mail to the address below:

Financial Lines Claims  
Beazley Plc  
Plantation Place South,  
60 Great Tower Street,  
London,  
EC3R 5AD

2. *Defence and settlement*

*(a) Duties*

The **insured** has the right and duty to defend and contest any:

- (i) **claim** made against them;
- (ii) **regulatory event** commenced against them; or
- (iii) claims made against them for which coverage is afforded under Coverage Extensions B.3(a)(i), B.3(a)(ii) or B.3(a)(vi).

The **insured** will take all reasonable steps to prevent or minimise any **loss**.

The **insurer** will be entitled to participate fully in the conduct of the defence, and at its sole discretion and option, to take over conduct of the defence including settlement negotiations, contribution or indemnification proceedings, in consultation with the **insured**, where it is reasonably likely to involve the **insurer** making any payment under this policy.

*(b) Consent to policy costs*

The **insurer** will not be obliged to pay **defence costs, regulatory costs, mitigation costs** or **legal costs** unless the **insurer** has provided prior written consent to such costs being incurred (except where expressly stated in the policy that prior consent is not first required).

If the **insurer's** prior written consent cannot reasonably be obtained before **defence costs, regulatory costs, mitigation costs** or **legal costs** are incurred, then the **insurer** will give retrospective approval for such reasonable **defence costs, regulatory costs, mitigation costs** or **legal costs** necessarily incurred.

*(c) Advancements*

The **insurer** may, at their sole discretion and option, agree to pay **defence costs, regulatory costs** or **mitigation costs** prior to coverage being confirmed.

*(d) Consent to settlements*

If an **insured** admits liability or compromises or settles any **claim, regulatory event**, demand, suit or legal proceeding without the **insurer's** prior written consent, this policy will not provide cover in connection with that admission, **claim, regulatory event**, demand, suit or legal proceeding.

The **insured** will not be required to receive the **insurer's** consent prior to making any self report or formal written representation to a **regulatory authority**, provided that as soon as legally permitted, the **insured** will seek the consent of the **insurer** in accordance with this clause. The **insurer** will not consider such self report or formal written representation as an admission of liability for the purposes of this clause.

*(e) Uninsured loss*

The **parent company** will reimburse the **insurer** for any payments which are ultimately determined not to be covered under this policy.

3. Allocation

Where a **claim, regulatory event** or **crime loss** involves both parties covered and not covered and/or matters covered and not covered by this policy, a fair and proper allocation shall be made between the **insured** and the **insurer**, taking into account the relative legal and financial exposures attributable to the covered matters or persons and the matters or persons not covered by this policy.

4. Cooperation

The **insured** will give all information and assistance to the **insurer** as it may reasonably require to enable it to investigate any matter notified under this policy and cooperate with the **insurer** in responding to any **claim, regulatory event** or **crime loss**.

Except where expressly provided for in this policy, these steps will be at the **insured's** own cost.

5. Basis of valuation

**APPLICABLE TO CRIME INSURING CLAUSE AND COVERAGE EXTENSIONS ONLY**

- (a) In calculating the amount payable under this policy for any **crime loss**, deductions will be made in respect of recoveries received from any source. The **retention** will apply to the net figure after making these deductions, but nothing in this clause will be construed to mean that such **crime loss** is not payable under this policy until the net figure has been ascertained

- (b) In no event shall the **insurer** be liable for more than:
- (i) the actual market value of **securities**, foreign funds, currencies or precious metals which will be determined by their closing market value on the last business day prior to the **crime loss** being **discovered** or, if less, the actual cost of replacing the **securities**;
  - (ii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **insured** in order to reproduce **physical records**;
  - (iii) the cost of blank electronic data processing media and the cost of labour for the actual transcription or copying of electronic data furnished by the **insured**, in order to reproduce that electronic data, however if that electronic data cannot be reproduced and represents **securities** or other financial instruments of value, then the **crime loss** will be valued as indicated at subparagraphs (i) and (iv) of this clause (b);
  - (iv) the actual cash value of other property at the time the **crime loss** was **discovered**, or the actual cost of repairing or replacing the property with property or material of like quality or value, whichever is less;
  - (v) the value of subscription, redemption, conversion or deposit privileges immediately prior to their expiry;
  - (vi) any interest receivable which exceeds the average Bank of England base rate between the time of sustaining **crime loss** and the date of **discovery** of the **crime loss**.
- (c) In the event that a loss of **securities** is covered by this policy, the **insurer** will, at their election, indemnify the **insured** for either:
- (i) any premium required to be paid by the **insured** to purchase lost instrument bonds; or
  - (ii) an amount which the **insured** may be required to pay either during the **policy period** or any time after by reason of any indemnity agreement executed by the **insured** in relation to any lost instrument bonds issued or purchased by the **insured**,
- for the reissuing of duplicate securities.
- (d) In calculating **crime loss** as a result of the physical loss of or damage to cancelled cheques, cancelled drafts or cancelled credit card receipts, additional reasonable **employee** expenses necessarily incurred by the **insured** in identifying the depositors of those lost or damaged cancelled items, or in assisting depositors in obtaining duplicates, shall be included.

6. Other insurance

This policy will only pay **loss** that is in excess of any amount recoverable from a more specific crime, civil liability and/or cyber insurance available to the **insured**. As excess insurance this policy will not apply or contribute to the payment of any **loss** until the amounts of that other insurance have been exhausted.



7. Financial interest coverage

The **insurer** will not provide cover for the **loss** of an **uncovered company**. The **insurer** will instead reimburse the **parent company** for its financial interest in such **uncovered company** by way of agreed valuation calculated as the amount of **loss** which would have been payable to the **uncovered company** under this policy had the **uncovered company** been insured under this policy however no payment will be made in respect of any Insuring Clause or Coverage Extension which would have covered the **loss** of any **insured person** in respect of their role for the **uncovered company**. For the purpose of this provision the **parent company** will be deemed to have suffered loss to its financial interest simultaneously with the **uncovered company** which incurred the **loss** for which it would have been entitled to receive cover under this policy.

8. Subrogation and recoveries

Following a payment under this policy, the **insurer** will be subrogated to all rights and remedies available to the **insured** in connection with that payment therefore the **insurer** has the right to seek recovery of that payment from a third party and will be entitled to bring proceedings in the name of the **insured**.

Whether before or after payment under this policy, the **insured** will take all steps necessary, or required by the **insurer**, to preserve the rights and remedies which the **insured** may have to recover its **loss**.

The **insured** will provide to the **insurer** any assistance the **insurer** may require to secure the rights and remedies set out above. The **insurer** shall be entitled to take control of all steps taken to recover any loss.

Any amounts recovered will be applied in the following order:

- (a) to reimburse costs incurred in bringing proceedings against the third party;
- (b) then to the **insured** for the amount of any **loss** which exceeds the **limit of liability**;
- (c) then to the **insurer** up to the amount of the **loss** paid by the **insurer** and the **limit of liability** will be reinstated for such amounts; and
- (d) then to the **insured** to reimburse the **retention**.

The **insurer** agrees not to exercise its rights of recovery against any **insured person** unless the payments made by the **insurer** under this policy are brought about or contributed to by any dishonest or fraudulent act or omission or intentional breach of any laws on the part of that **insured person**.

## E. General Conditions

### 1. Limit of liability

The **limit of liability** is the maximum amount payable by the **insurer** under this policy in respect of all **insureds**, Insuring Clauses and Coverage Extensions. However, the **limit of liability** will be automatically reinstated in the event of erosion or exhaustion by payment of **loss** to the extent of such erosion or exhaustion. Such reinstated **limit of liability** will only apply once the limit of liability of all insurance policies sitting excess of this policy have been exhausted.

The **insurer** will not be liable for more than the **limit of liability** in respect of all **loss** arising from a **single event** and twice the **limit of liability** in respect of all **loss** payable under this policy (in the event of a reinstatement).

Any **loss** paid by the **insurer** under this policy will reduce the **limit of liability**.

Where any sub-limit is specified in the policy or schedule, the **insurer** will have no liability in excess of that sub-limit. Any sub-limit will be part of and not in addition to the **limit of liability**.

In the event that a **crime loss** is sustained by any **plan** that is covered under this policy, payment will be made by the **insurer** to the trustees of that **plan** for and on behalf of the beneficiaries.

### 2. Retention

The **insurer** will be liable only for that part of any **loss** which exceeds the **retention**.

Only one **retention**, being the largest, will be applied to the total amount of **loss** arising from a **single event** which is covered under more than one Insuring Clause.

In respect of **mitigation costs**, a single **retention** will apply to all anticipated **claims** arising out of, based upon or attributable to the same originating cause, source or event.

The **retention** will not apply in respect of any **crime loss** sustained or incurred by a **plan** where that **plan** is required by law to comply with the Employee Retirement Income Security Act 1974 (ERISA) (U.S.A.).

3. Change of control / acquisitions

In the event of a **change of control** of a **company** or **plan**, no cover under this policy will apply for any:

- (a) **claim** against that **company** or their **insured persons**, which arises from a **wrongful act**;
- (b) **regulatory event** concerning that **company** or their **insured persons**, which arises out of any conduct; or
- (c) any **crime loss** of that **company** or their **plans**,

that occurred or was sustained after such **change of control**. The **parent company** will, as soon as practicable, give the **insurer** written notice of any **change of control** which takes place in respect of the **parent company**.

In the event of an acquisition of a **subsidiary**, no cover under this policy will apply for any:

- (a) **claim** against that **subsidiary** or their **insured persons**, which arises from a **wrongful act**;
- (b) **regulatory event** concerning that **subsidiary** or their **insured persons**, which arises out of any conduct; or
- (c) any **crime loss** of that **subsidiary** or their **plans**,

that first commenced or was sustained before such acquisition.

4. Employee dishonesty post discovery

**APPLICABLE TO CRIME INSURING CLAUSE AND COVERAGE EXTENSIONS ONLY**

Cover under this policy shall cease in respect of any subsequent acts of any **employee**, as soon as any **responsible person**, not in collusion with that **employee**, **discovers** the commission of a dishonest, fraudulent, malicious or criminal act by such **employee** which could reasonably be foreseen to give rise to a **crime loss**, but without prejudice to the loss of **valuable property** in transit in the custody of the **employee** at the time of **discovery**.

5. Discovery period

If this policy is not renewed or replaced the **insured** will be entitled:

- (a) to an automatic **discovery period** of 60 days; and
- (b) to purchase an optional **discovery period** for a longer period as specified in the Schedule, provided that written notice is given to the **insurer** by the **parent company** within 30 days after the end of the **policy period** and any additional premium specified by the **insurer** is paid within 45 days of the end of the **policy period**.

The automatic **discovery period** is part of and not in addition to any optional **discovery period** purchased by the **insured**.

The **discovery period** is non-cancellable and the premium for the optional **discovery period** is deemed fully earned at the inception date of the optional **discovery period**.

In the event of a **change of control** of the **parent company**, the **parent company** is entitled to purchase a 72 month **discovery period** on such terms and conditions and for such additional premium as the **insurer** requires.

Any **discovery period** does not increase the **limit of liability**, and any payments made with respect to **claims, regulatory events** and **crime losses** during the **discovery period** will be part of the **limit of liability**.

6. Cancellation

If the premium due under this policy has not been paid to the **insurer** within 60 days of the inception of the **policy period** or, where premium is due to be paid by instalments, by the date on which an instalment is due, the **insurer** will have the right to cancel this policy with effect from inception by notifying the **parent company** in writing direct or via the insurance broker.

The **insurer** will give not less than 30 days prior notice of such cancellation. If the premium due is paid in full to the **insurer** before the notice period expires, notice of cancellation will automatically be revoked.

If any additional premium due under the terms of this policy or in respect of any amendment to the terms of this policy is not paid within 30 days of the date on which it is due to be paid, the **insurer** will not have any liability in respect of the additional rights which were to have been purchased by the **insured** by payment of the additional premium.

7. Authorisation

The **parent company** will act on behalf of all **insureds** in connection with all matters relevant to this policy unless the **parent company** is insolvent in which event the remaining entities will agree with the **insurer** as to which one of them will act on behalf of all **insureds**.

**Crime loss** sustained by any nominee company where the board of directors is composed exclusively of directors, officers or **employees** of the **parent company** established to handle specific business transactions will be deemed to be **crime loss** sustained by the **insured**.

8. Third parties

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an **insured**.

9. Assignment

Neither this policy nor any right under it may be assigned without the prior written consent of the **insurer**.

10. Policy interpretation

This policy, its schedule and any endorsements are one contract in which, unless the context otherwise requires:

- (a) headings and subheadings are descriptive only, solely for convenience, not an aid to interpretation and form no part of the terms and conditions of coverage;
- (b) the singular includes the plural, and the masculine includes the feminine, and vice versa;
- (c) "Including" and "include(s)" means without limitation;
- (d) references to specific legislation include amendments to and re-enactments of that legislation and any similar or equivalent legislation in the relevant jurisdiction;
- (e) references to positions, offices or titles will include their equivalents in any jurisdiction;
- (f) if any provision of this policy is or becomes void or illegal, is invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction, such provision will be deleted. The **insurer** and the **insured** will use their best efforts to agree a replacement for the provision which achieves as far as possible the same effect as would have been achieved by the deleted provision.

11. Governing law

This policy will be governed by and construed in accordance with the laws of England and Wales.

12. Arbitration clause

All disputes and differences between the **insured** and the **insurer** which arise under or in connection with this policy will be referred to arbitration under ARIAS Arbitration Rules (U.K.).

The arbitration tribunal will consist of three arbitrators, one to be appointed by the **insured**, one to be appointed by the **insurer** and the third to be appointed by the two appointed arbitrators.

The third member of the tribunal will be appointed as soon as practicable (and no later than 28 days) after the appointment of the two party-appointed arbitrators. The tribunal will be constituted upon the appointment of the third arbitrator. The arbitrators will be persons (including those who have retired) with not less than ten years' experience of insurance or reinsurance within the industry or as lawyers or other professional advisers serving the industry.

Where the **insured** or the **insurer** fail to appoint an arbitrator within 14 days of being called upon to do so or where the two party-appointed arbitrators fail to appoint a third within 28 days of their appointment, then ARIAS will appoint an arbitrator to fill the vacancy. At any time prior to the appointment by ARIAS the party or arbitrators in default may make such appointment.

The tribunal may in its sole discretion make such orders and directions as it considers to be necessary for the final determination of the matters in dispute. The tribunal will have the widest discretion permitted under the laws of England and Wales when making such orders or directions and the decision of the tribunal will be final. The arbitration will be held in London.

13. Duty of fair presentation

The **insurer** expects the **insured** to comply with their duty to make a fair presentation of the risk in accordance with the Insurance Act 2015 (U.K.). In the event that there has been a breach of the duty of fair presentation, the **insurer** will not exercise any available remedies under the Insurance Act 2015 (U.K.) for any breach that was free of any fraudulent conduct or intent to deceive.

The knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.

14. Insurer's consent

Where the **insured** is required under this policy to seek the consent of the **insurer**, the **insurer** will not unreasonably withhold, delay or deny such consent.

15. Sanction limitation

The **insurer** will not be liable to provide any cover, benefit or pay any claim under this policy to the extent that the provision of such cover, benefit or payment of such claim would expose the **insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

16. Complaints

Every effort is made to ensure that a high standard of service is provided. However, if the **insured** is not satisfied with the service it has received or it has any questions or concerns about this policy the **insured** should, in the first instance, contact:

Beazley Complaints  
Beazley Plc  
Plantation Place South  
60 Great Tower Street  
London EC3R 5AD

All correspondence should be addressed to Beazley Complaints

Or by telephone – 020 7667 0623  
Or by e-mail – [beazley.complaints@beazley.com](mailto:beazley.complaints@beazley.com)

In the event that the **insured** remains dissatisfied the complaint can be escalated to:

Complaints  
Lloyd's  
One Lime Street  
London EC3M 7HA

E-mail: [complaints@lloyds.com](mailto:complaints@lloyds.com)  
Telephone: 020 7327 5693 / Fax: 020 7327 5225  
Website: [www.lloyds.com/complaints](http://www.lloyds.com/complaints)

Ultimately, if the **insured** is dissatisfied with Lloyd's final response, the **insured** may, if eligible, refer the complaint to the Financial Ombudsman Service (FOS). The Financial Ombudsman Service is an independent service in the U.K. for settling disputes between consumers and businesses providing financial services. The FOS's contact details are as follows:

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

E-mail: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)  
Telephone: 0300 123 9 123  
Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

17. Compensation

The **insurer** is covered by the Financial Services Compensation Scheme.

The **insured** may be entitled to compensation from the Scheme if the **insurer** is unable to meet its obligations to the **insured** under this contract. If the **insured** is entitled to compensation under the Scheme, the level and extent of the compensation would depend on the nature of this contract.

Further information about the Scheme is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, Telephone: 0800 678 1100 or 020 7741 4100 or on their website: [www.fscs.org.uk](http://www.fscs.org.uk)

## F. Definitions

The following definitions are applicable to all sections of this policy:

**audit costs** means reasonable fees and expenses necessarily incurred for independent outside accountants or similar specialists to determine the amount and extent of the **crime loss** payable by the **insurer** under this policy.

**authenticated communication** means authenticated electronic or telephonic communication authorising, directing or acknowledging the transfer, payment, delivery or receipt of funds or **property**.

**change of control** means any one of the following events:

- (a) the **parent company** consolidates with or merges into or sells all or a majority of its assets to any other person or entity or group of persons and/or entities acting in concert;
- (b) any person or entity, whether individually or together with any other person or persons, entity or entities becomes entitled to exercise more than 50% of the rights to vote at general meetings of the **parent company** or control the appointment of directors who are able to exercise a majority of votes at meetings of the board of directors of the **parent company**;
- (c) the appointment of a receiver, liquidator, administrator or other insolvency practitioner in respect of an **insured**, but only in relation to that **insured**; or
- (d) an entity ceases to be a **subsidiary** or **plan**, or becomes controlled by another entity by virtue of any law.

**claim** means:

- (a) a written demand for damages, compensation or non-monetary relief;
- (b) a civil, administrative or regulatory proceeding for damages, compensation or non-monetary relief;
- (c) a demand for mediation, arbitration or other form of alternative dispute resolution for damages, compensation or non-monetary relief; or
- (d) a criminal proceeding,

arising out of a **wrongful act**.

**company** means the **parent company** and any **subsidiary**.

**corporate identity fraud** means the fraudulent modification, corruption, or theft of publicly-available data relating to the **insured's** formation and genuine identity.



**corporate identity fraud costs** means reasonable fees, costs and expenses necessarily incurred in connection with **corporate identity fraud** first **discovered** during the **policy period**:

- (a) to investigate that **corporate identity fraud**;
- (b) to correct or reinstate public records;
- (c) when applying for civil proceedings to be dismissed or withdrawn because the alleged liability resides with someone other than the **insured**;
- (d) to procure public relations services to redress adverse publicity or reputational injury.

**counterfeit** means the imitation of any instrument which, because of the quality of the imitation, the **insured** or a **financial organisation** believes is the authentic original instrument.

**crime loss** means:

- (a) direct financial loss sustained by the **insured**;
- (b) in respect of Coverage Extensions B.3(a)(i), B.3(a)(ii) and B.3(a)(vi), its legal liability to customers or third parties; and
- (c) **data security breach costs, software removal or reconstitution costs, legal costs, audit costs** and **corporate identity fraud costs** to the extent afforded by Coverage Extensions B.3(b) and B.3(c).

**crime loss** does not include **employee benefits** except those paid to an **employee** for a specific transaction in respect of which that **employee** committed a dishonest, fraudulent, malicious or criminal act.

**data security breach costs** means the reasonable costs of:

- (a) hiring security experts, forensic investigators or similar experts to determine the existence and cause of an unauthorised appropriation and/or disclosure of personal or confidential information;
- (b) notifying natural person customers of the **insured** who have been affected by an unauthorised appropriation and/or disclosure of personal or confidential information;
- (c) hiring external lawyers to determine the mandatory actions required by any regulator;
- (d) credit monitoring services (to the extent required by applicable data protection laws) in respect of natural persons affected by an unauthorised appropriation and/or disclosure of personal or confidential information; and
- (e) establishing, publicising and running call centre services,

which directly arises out of a legal obligation on the **insured** to comply with applicable data protection laws to notify natural persons of an unauthorised appropriation and/or disclosure of their personal or confidential information, held on file by the **insured** in either physical or electronic form, provided that it was the practice and procedure of the **insured** to install available software updates and releases and apply security-related software patches.

**data security breach costs** does not mean costs that are incurred more than 90 days after discovery of the unauthorised appropriation and/or disclosure of personal or confidential information or any **employee benefits**.

**defence costs** means the reasonable fees, costs and expenses necessarily incurred by or on behalf of the **insured** in connection with the investigation, defence, settlement or appeal of a **claim**.

**defence costs** includes:

- (a) the reasonable fees, costs and expenses of an accredited expert retained through defence counsel approved by the **insurer** on behalf of the **insured** in order to prepare an evaluation, report, assessment, diagnosis or rebuttal of evidence in connection with the defence of a covered **claim**; and
- (b) up to £1000 per day for each day on which the **insured person** has been required to and has attended court as a witness in connection with a **claim** notified under and covered by this policy. No **retention** will apply.

**defence costs** does not include the remuneration of any **insured person**, the cost of their time or costs or overheads of the **company** (except as provided for in clause (b) above).

**discovered** or **discovery** means the time at which a **responsible person** becomes aware of facts which would cause a reasonable person to believe that a **crime loss** of the kind covered by this policy has been or will be incurred, even though the exact amount or details of that **crime loss** may not be known at that time. **Discovery** will constitute discovery by every **insured**.

**discovery period** means the period of time following the end of the **policy period** during which notice may be given to the **insurer** of:

- (a) any **claim** arising out of any **wrongful act** committed before the end of the **policy period**;
- (b) any **regulatory event** arising out of any conduct undertaken before the end of the **policy period**; or
- (c) any **crime loss** sustained prior the end of the **policy period**.

**dishonest act of an employee** means a dishonest, fraudulent, malicious or criminal act of any **employee**, committed alone or in collusion with others. However, in respect of **crime loss** resulting from **loans** or **trading**, **dishonest act of an employee** only means dishonest, fraudulent, malicious or criminal acts of any **employee** committed with the intent to obtain an improper financial gain for themselves or for any other person or organisation in dishonest, fraudulent, malicious or criminal collusion with the **employee**. The term 'improper financial gain' does not include **employee benefits**.

**document** means any physical or electronic document.

**documentary fraud** means:

- (a) the **insured** or any **financial organisation** acting on behalf of the **insured**, having acted or relied upon any **security, instruction** or currency which has been **forged** or **fraudulently altered**, is **counterfeit** or has been lost or stolen; or
- (b) the **insured** having acted or relied upon any authenticated **instruction** made by **fraudulent impersonation**,

and which is at the time of the act or reliance, in the physical possession of the **insured**, or a **financial organisation** acting on behalf of the **insured**.

**electronic media** means the media on which electronic data is stored in a form readily usable in a computer system.

**electronic or telephonic fraud** means:

- (a) the **insured**, or a **financial organisation** acting on behalf of the **insured**, having acted or relied upon:
  - (i) electronic data, computer programs or **authenticated communication** that is **impaired**; or
  - (ii) **authenticated communication** which dishonestly, fraudulently, maliciously or criminally purports to be, but is not, from a customer of the **insured**, another office or department of the **insured**, a **financial organisation** or **vendor**.
- (b) any **financial organisation** or customer of the **insured** having acted or relied upon any **authenticated communication** which dishonestly, fraudulently, maliciously or criminally purports to be, but is not, from the **insured**, or any **financial organisation** acting on its behalf; or
- (c) the dishonest, fraudulent, malicious or criminal introduction or activation of any **malicious code**.

**employee** means any:

- (a) natural person:
  - (i) under a contract of employment with; or
  - (ii) working under the control and supervision of, the **insured**;
- (b) director or officer of the **insured** when performing acts coming within the scope of the usual duties of an employee of the **insured** or while acting as a member of a committee duly elected or appointed by resolution of the board of directors of the **insured** to perform specific acts, as distinguished from general directorial acts, on behalf of the **insured**;
- (c) trustee, fiduciary, administrator, or officer of any **plan**;
- (d) ex-employee, for a period not exceeding 60 days following the termination of their employment with the **insured**, other than when that termination is a result of a dishonest, fraudulent, malicious or criminal act;
- (e) solicitor, other than a sole practitioner, retained by the **insured** whilst providing legal services exclusively for the **insured**; or
- (f) company or person authorised by a written contract with the **insured** to perform accounting, data processing of the cheques, payroll or computing services outsourced by the **insured**,

whether or not the **insured** is able to identify that person by name, provided that the **insured** proves beyond reasonable doubt that the **crime loss** was due to the act of that person.

The term **employee** does not mean any independent broker, independent financial advisor, or any similar agent or independent representative remunerated on a sales or commission basis.

**employee benefits** means salaries, fees, commissions, bonuses and similar employee benefits (including business entertainment whether or not constituting bribery under the Bribery Act 2010 (U.K.)) earned in the normal course of employment.

**extortion** means the **insured** having delivered, transferred or caused to have transferred funds or property as a result of a threat:

- (a) to do bodily harm to:
  - (i) a director, officer or **employee** of the **insured**; or
  - (ii) any lawful spouse, civil or domestic partner or family member of a person in (i) above.
- (b) to do damage to the premises or **property** of the **insured**;
- (c) to sell or disclose confidential security codes, computer programs or electronic data to another person or party;
- (d) to destroy, corrupt, alter or divulge computer programs or electronic data which are stored within a computer system by causing electronic data or computer programs to be **impaired**; or
- (e) to deny access to a computer or communications or payments system,

provided that, prior to or immediately after the delivery or transfer of funds or property, the person receiving the threat has made a reasonable effort to report the extortionist's demand to a director or officer of the **insured** and to the police or local law enforcement authorities and, in respect of (d) and (e) only, believed that the threat was credible and technologically feasible at the time made.

**financial organisation** means:

- (a) any bank, credit institution, financial institution, undertaking for collective investment in **securities**, investment firm or similar entity;
- (b) any entity or organisation with which the **insured** has a written or electronic agreement for the provision of purchasing services, safekeeping, registration and entitlement records for the **insured** in connection with **securities**, or any regulated central securities depository or international central securities depository, or any regulated sub-custodian which that entity, organisation or depository has entered into a written or electronic agreement for the provision of those services; or
- (c) any regulated stock exchange, commodities, mercantile, futures or derivatives exchange, or clearing house, or any other regulated trading facility, trading system or network providing services or functionality of a similar nature.

**forged** means bearing a forged signature of a genuine person without the authority of that person and with the intent to deceive. A mechanically or electronically reproduced signature will be treated the same as a handwritten signature. **Forged** does not include the signing of one's own name, in whole or in part, in any capacity.

**fraudulently altered** means materially altered for a fraudulent purpose by any person other than the person who was authorised to prepare or sign the document.

**fraudulent impersonation** means the intentional and fraudulent deceiving of an **employee** by any natural person purporting to be another natural person.

**impaired** means dishonestly, fraudulently, maliciously or criminally input, modified, corrupted or deleted, and additionally in relation to computer programs and **authenticated communications**, dishonestly, fraudulently, maliciously or criminally created, prepared or altered.

**instruction** means written or printed instruction or advice directed to the **insured** authorising, directing or acknowledging the transfer, payment, delivery or receipt of funds or **valuable property**.

**insured** means the **company** and:

- (a) **insured persons** for the purposes of Insuring Clause 1, Civil Liability; and
- (b) any **plan** for the purposes of Insuring Clause 2, Crime.

**insured person** means any natural person who was, is, or during the **policy period** becomes:

- (a) employed by the **company**;
- (b) an approved person or certificated person employed by the **company**;
- (c) a director or officer of the **company** whilst acting in their capacity as an employee.

**insured person** includes the estate, heirs, legal representatives or assigns of an **insured person** in the event of their death, incapacity or bankruptcy or the lawful spouse, civil or domestic partner of an **insured person** solely in their capacity as such.

**insurer** means Beazley Syndicates 2623/623 at Lloyd's.

**legal costs** means reasonable fees, costs and expenses necessarily incurred in the defence, settlement or appeal of any demand, claim, suit or legal proceeding which the **insured** establishes results directly from the **crime loss** payable by the **insurer** under this policy.

**legal liability for incomplete transactions** means the **insured's** legal liability to third parties caused by the **insured's** failure or inability to complete transactions that are entered into in the course of the **insured's** business pursuant to the rules of any regulated stock exchange due to a direct financial loss sustained by the **insured** that is covered under this policy.

**limit of liability** means the amount specified in the Schedule.

**loan** means:

- (a) all extensions of credit by the **insured** and/or all transactions creating a creditor or lessor relationship in favour of the **insured**; or
- (b) any note, account, agreement or other evidence of debt assigned to, or discounted or acquired by, the **insured** including the purchase, discounting or acquisition of false or genuine accounts or invoices.

**loss** means **professional loss** and **crime loss**.

**loss of subscription rights** means the loss of subscription, redemption, conversion or deposit privileges through the misplacement, loss or damage to any **security**, or electronic data representing a **security**.

**malicious code** means computer or software code which causes:

- (a) damage to or loss, destruction or modification of electronic data contained within any **electronic media**, or any computer or communications or payments system of the **insured**, or any **financial organisation** acting on its behalf; or
- (b) damage to or destruction of **electronic media**, or any computer or communications or payments system of the **insured**.

**management control** means:

- (a) controls the composition of the board of directors;
- (b) controls more than half of the shareholder voting power; or
- (c) holds more than half of the issued share capital.

**mitigation costs** means any reasonable payments incurred by the **insured** during the **policy period** in taking action to mitigate the financial consequences of a **wrongful act** which the **insured** establishes to the **insurer's** satisfaction would otherwise have reasonably been expected to give rise to a **claim** for which the resulting **professional loss** would have been covered by the policy. **Mitigation costs** do not include payments incurred after such **claim** is made.

**mitigation costs** does not include payments incurred without the **insured** first obtaining the **insurer's** consent, unless it was not reasonably practicable to obtain consent due to a time critical event and **insurer's** were otherwise notified in writing within 14 days of such payment being incurred.

**office contents** means the furnishings, fixtures, equipment, tangible computer related equipment, alarms, stationery, supplies, safes, or vaults and the personal property of **employees** or customers, within the **insured's** premises.

**parent company** means the entity named in the Schedule.

**personally identifiable customer information** means any physical or electronic document or information concerning any past, present or prospective customer of the **insured**.

**physical loss of or damage to property** means the physical loss of, damage to or destruction of **property**:

- (a) anywhere by any means (other than as described in (b) and (c) below);
- (b) whilst in the physical possession of any customer of the **insured**, or representative of such customer, whilst on the **insured's** premises;
- (c) due to the **insured** being deceived as to the identity of any natural person but only if the **insured** was deceived while the natural person was physically present at the **insured's** premises.

**physical damage to or destruction of premises** means damage to or destruction of the premises of the **insured** and the **office contents** of such premises, provided that the destruction or damage is caused by any actual or attempted burglary, robbery, hold-up, theft or larceny, vandalism or malicious mischief at those premises, and that the destruction or damage is not caused by fire.

**physical records** means the books of account and records of the **parent company**, **subsidiaries** and **plans**.

**plan** means:

- (a) any pension, welfare benefit, share saver or share option or other plan maintained by the **insured** for the benefit of the past, present and/or future **employees** or their respective beneficiaries; or
- (b) any charitable trust, fund or foundation with a social or cultural objective which was founded and is currently supported directly by the **parent company** or indirectly through a **subsidiary**.

**policy period** means the period specified in the Schedule.

**professional loss** means:

- (a) **defence costs**;
- (b) any amount that the **insured** is required to pay as a result of a legally enforceable obligation to a third party, for:
  - (i) damages, interest and related costs awarded pursuant to a final judgment or award, including an award from the Financial Ombudsman Service (U.K.);
  - (ii) compensation awarded by a **regulatory authority**;
  - (iii) compensation pursuant to a settlement negotiated with the **insurer's** prior written consent; or
  - (iv) the cost (including the acquisition cost of securities) of restoring a person to a register or record where the **insured** is legally liable for the removal or non-appearance of that person from or on the register or record.
- (c) **regulatory costs** to the extent afforded by Coverage Extension B.1.
- (d) **mitigation costs** to the extent afforded by Coverage Extension B.2.

**professional loss** does not include:

- (1) fines and penalties;
- (2) non-compensatory, punitive, aggravated or exemplary damages (other than aggravated or exemplary damages awarded in an action for defamation, emotional distress, libel, slander or injurious falsehood)
- (3) multiple damages (except for the single compensatory amount of those damages prior to their multiplication);
- (4) employment-related compensation, wages or benefits, or costs or overheads of the **company**;
- (5) taxes;
- (6) fees, commissions, or other compensation for any **professional services** rendered or required to be rendered by the **insured**; or
- (7) amounts which are uninsurable.

**professional services** means services performed by or on behalf of the **company**, and any related services, administrative and back office functions, pursuant to an agreement with a third party.

**professional services** do not include the **insured** acting as a trustee, fiduciary or administrator of the **company's** own pension, profit-sharing or employee benefits programme.

**property** means **valuable property, electronic media** or **physical records**.

**regulatory authority** means any regulator, government, government body, judicial or parliamentary body, governmental or administrative agency, any self-regulatory body recognised in that capacity under applicable law or official trade body.

**regulatory costs** means reasonable fees, costs and expenses necessarily incurred by an **insured** directly in connection with preparing for, cooperating with or attending interviews in respect of or responding to a **regulatory event** first commenced during the **policy period**.

**regulatory event** means in respect of an **insured person** only:

- (a) an informal request by a **regulatory authority** for an **insured person** to voluntarily attend an interview, meeting or provide information; or
- (b) an interview or meeting during a raid or on-site visit by a **regulatory authority**; or
- (c) any formal or official hearing, examination or investigation by a **regulatory authority**, once the **insured person**:
  - (i) is requested or required to cooperate with or attend; or
  - (ii) is identified in writing by that **regulatory authority** as a target of,

the formal or official hearing, examination or investigation. Where the **regulatory authority** is the Securities Exchange Commission (SEC) (U.S.A), this extension will only apply where the **insured person** has been served with a subpoena or Wells Notice.

**regulatory event** means in respect of a **company** only:

- (a) a raid or on-site visit to the **company** by any **regulatory authority** that involves the production, review, copying or confiscation of files or interviews of any **insured persons**;
- (b) a public announcement relating to an event in sub-paragraph (a) above.

A **regulatory event** does not include routine regulatory supervision, inspection or compliance reviews, or any investigation which focuses on an industry rather than an **insured**.

**responsible person** means the Risk Manager, Insurance Manager, Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Compliance Officer, Head of Audit or General Counsel of the **parent company**.

**retention** means the amount specified in the Schedule.

**security** means stocks, shares, scrip, transfers, certificates, bonds, coupons, and all other types of securities (including securities held in book entry form or as a statement of uncertificated security), cheques, bills of exchange, drafts, certificates of deposit, promissory notes, letters of credit, warrants, title deeds, deeds of trust, bearer instruments, withdrawal orders, receipts for the withdrawal of funds, money orders, orders upon public treasuries, instruments of value (serving the same purpose) and any other documents of negotiable nature, original (and original counterpart) written agreements with a value transferable on delivery with any necessary assignment or endorsement, original corporate, partnership or personal guarantees.

**single event** means all **claims, regulatory events** and **crime losses** arising out of, based upon or attributable to the same originating cause, source or event.

**software removal or reconstitution costs** means reasonable fees and expenses necessarily incurred for the verification, reconstitution or removal of electronic data or computer programs, or removal of computer or software codes.



**stop payment order liability** means the **insured**, or a **financial organisation** acting on the **insured's** behalf, having complied with or failed to comply with a request to stop payment on any cheque or draft, or having refused to pay any cheque or draft.

**subsidiary** means any entity in which the **parent company** either directly or indirectly through one or more entities obtains **management control** on or before the inception date of this policy.

**subsidiary** will include:

- (a) any new entity which the **company** incorporates during the **policy period** and which, at the time of incorporation, the **company** has **management control**;
- (b) any entity, that the **company** acquires **management control** of during the **policy period** provided that at the time of obtaining that **management control**, the acquired entity is not incorporated or domiciled in the United States of America.

If a newly acquired entity is incorporated or domiciled in the United States of America, the **insurer** will provide cover under this policy for 60 days from the date of acquisition, during which time the **parent company** will give the **insurer** sufficient information to allow the **insurer** to assess the potential increase in insurance risk. The **insurer** may agree to extend the definition of **subsidiary** to include the newly acquired entity, subject to the **parent company** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

**subsidiary** does not include any fund, investment vehicle, managed investment scheme or trust.

**theft via erroneous transfer** means theft by a third party of **valuable property** erroneously directed or erroneously transferred by the **insured** or by a **financial organisation** acting on their behalf. The **insured** must exhaust every reasonable course of action to secure recovery of the **valuable property**.

**trading** means the purchase, sale or other dealings in:

- (a) **securities** (including over-the-counter **securities**), commodities, futures, options, derivatives, funds, currencies, foreign exchange and similar instruments; or
- (b) any other instruments traded through any regulated stock exchange, commodities or mercantile exchange, futures or derivatives exchange, or clearing house, or any other regulated trading facility, trading system or network providing services or functionality of a similar nature.

**uncovered company** means any **company**:

- (a) which is located in a jurisdiction where the applicable law or regulation does not allow the **insurer** to provide cover to that **company**; or
- (b) which the **parent company** has elected that the policy will not cover directly but, instead, the policy will cover the **parent company's** own financial interest in such **company**.

**valuable property** means the following items, but only to the extent that they are in physical form:

- (a) cash, bullion, precious metals of all kinds and in whatever form, jewellery, gems, precious and semi-precious stones, stamps, postal orders, insurance policies;
- (b) any **security** represented by an instrument issued in bearer or registered form; or
- (c) all other negotiable and non-negotiable instruments or contracts representing money or other property or interests therein and other valuable papers,

in which the **insured** has an interest or which are held by the **insured**.

**vendor** means any entity or individual which has a written or electronic agreement with the **insured** for the provision of products or services by such entity or individual to the **insured**.

**wrongful act** means any:

- (a) actual or alleged act, error or omission;
- (b) loss of **documents**; or
- (c) loss of **personally identifiable customer information**,

in the performance of or failure to perform **professional services** by any **insured** or by any other person or entity for whom the **insured** is legally liable.