

Beazley | Financial Institutions Comprehensive
Crime Insurance

beazley

beautifully
designed
insurance

Contents

Schedule	1
Insuring Clause	2
Coverage Extensions.....	2
Coverage Restrictions	3
Claim Provisions	7
General Conditions	11
Definitions	16

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** for the Insuring Clause and all Coverage Extensions except, a sub-limit for **Data security breach costs** of GBP1,000,000 in the aggregate during the **policy period** will apply.

Retention: GBP each and every **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 CLAUSE AND COVERAGE EXTENSIONS ARE SUBJECT TO ALL TERMS, CONDITIONS, RESTRICTIONS AND LIMITATIONS OF THIS POLICY.

A. Insuring Clause

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

1. the **dishonest act of an employee**;
2. a **documentary fraud**;
3. an **electronic or telephonic fraud**;
4. **physical loss of or damage to property** or **physical damage to or destruction of premises**;
5. **extortion**.

B. Coverage Extensions

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

1. **loss** which is first **discovered** during the **policy period** resulting directly from:
 - (a) the **insured** having a **legal liability for incomplete transactions**;
 - (b) a **stop payment order liability**;
 - (c) physical loss of or damage to cancelled cheques, cancelled drafts or cancelled credit card receipts;
 - (d) a **theft via erroneous transfer**;
 - (e) a **loss of subscription rights**;
 - (f) 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 **loss** covered under this policy.
2. **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.
3. **corporate identity fraud costs** necessarily incurred by the **insured** with the **insurer's** prior written consent.

C. Coverage Restrictions

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

1. *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.1 (dishonest act of an employee) or A.4 (physical loss of or damage to property or physical damage to or destruction of premises).

2. *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**.

3. *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.1 (dishonest act of an employee) or Coverage Extensions B.2 or B.3.

4. *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.3 (electronic or telephonic fraud).

5. *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.1 (dishonest act of an employee), A.5 (extortion) or **software removal or reconstitution costs** covered under Coverage Extension B.2.

6. Fines, penalties or damages

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

7. Indirect loss

- (a) which is indirect or consequential except where covered under Coverage Extensions B.1, B.2 or B.3.
- (b) which represents loss or deprivation of income or profits (including interest and dividends), except for interest covered under Coverage Extension B.1(f) or a **loss of subscription rights** covered under Coverage Extension B.1(e); and
- (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.1(d).

8. Litigation costs and loss establishment fees

which is incurred in establishing the existence or amount of **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.2 and B.3.

9. 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.1 (dishonest act of an employee), A.2 (documentary fraud), A.3 (electronic or telephonic fraud) or **theft via erroneous transfer** covered under Coverage Extension B.1(d).

10. 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.1 (dishonest act of an employee);
- (b) to the extent there is a loss of currency in or at an automated teller machine and that **loss** is a **physical loss of or damage to property** covered under Insuring clause A.4; or
- (c) to the extent that **loss** is a direct result of an **electronic or telephonic fraud** covered under Insuring Clause A.3.

11. Prior discovery

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

12. 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.4;
- (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 thereof.

13. 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.1 (dishonest act of an employee), A.5 (extortion) or Coverage Extensions B.2 and B.3.

14. 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 **loss** results directly from any actual or attempted burglary, robbery, hold-up, theft or larceny.

This Coverage Restriction only applies to Insuring Clause A.4 (physical loss of or damage to property or physical damage to or destruction of premises), A.5 (extortion) or Coverage Extensions B.2 and B.3.

15. 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.3 (electronic or telephonic fraud).

D. Claim Provisions

1. Discovery and notification of loss

- (a) Upon **discovery** of a **loss**, the **insured** must:
- (i) give to the **insurer** written notice of that **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 **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 **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** must provide full details of the **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(a) *Discovery and notification of loss*, the **insurer** will have no liability under this policy in respect of that **loss**.

- (b) A **single event** will be treated by the **insurer** as having been notified when the first of such **losses** was notified to the **insurer**, irrespective of whether or not the **insurer** has formally accepted the notice.
- (c) All notices must be sent either by e-mail to 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. Legal defence

The **insurer** will be entitled to participate fully in any legal proceedings and the incurring of **legal costs** where it is reasonably likely to involve the **insurer** making any payment under this policy.

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

3. Allocation

Where a **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:

- (a) give all information and assistance to the **insurer** as it may reasonably require to enable it to investigate any matter notified under this policy;
- (b) cooperate with the **insurer** in relation to any **loss** notified under this policy; and
- (c) take all reasonable steps to prevent or minimise any **loss**.

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

5. Basis of valuation

- (a) In calculating the amount payable under this policy for any **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 **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 **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 **loss** will be valued as indicated at sub-paragraphs (i) and (iv) of this clause (b);
 - (iv) the actual cash value of other property at the time the **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 **loss** and the date of **discovery** of the **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 **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 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. 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 suffered 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**.

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**, the Insuring Clause and all 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 **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** shall be liable only for that part of **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**.

The **retention** will not apply in respect of any **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 / employee dishonesty post discovery

In the event of a **change of control** of an **insured** no cover under this policy will apply for any **loss** of that **insured** 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 **loss** of that **insured**, **subsidiary** or their **plans**, first sustained before such acquisition.

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 **loss**, but without prejudice to the loss of **valuable property** in transit in the custody of the **employee** at the time of **discovery**.

4. 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** will not increase the **limit of liability**, and any payments made with respect to **loss** first **discovered** during the **discovery period** will be part of the **limit of liability**.

5. 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.

6. 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**.

7. Third parties

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

8. Assignment

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

9. 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.

10. Governing law

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

11. 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.

12. 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.

13. 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.

14. 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.

15. 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

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
Telephone: 020 7327 5693 / Fax: 020 7327 5225
Website: 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
Telephone: 0300 123 9 123
Website: www.financial-ombudsman.org.uk

16. 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

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 **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.

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.

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**.

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

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;
 - (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 **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 shall 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, replicated, 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 **parent company**, any **subsidiary** and **plan**.

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 **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:

- (a) direct financial loss sustained by the **insured**;
- (b) in respect of Coverage Extensions B.1(a), B.1(b) and B.1(f), its legal liability to customers or third parties;
- (c) **data security breach costs, software removal or reconstitution costs, legal costs** and **audit costs** to the extent afforded by Coverage Extension B.2; and
- (d) **corporate identity fraud costs** to the extent afforded by Coverage Extension B.3.

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.

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.

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.

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.

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

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 **loss** 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 **insured** incorporates during the **policy period** and which, at the time of incorporation, the **insured** has **management control**;
- (b) any entity that the **insured** acquires **management control** of during the **policy period**.

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**, 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 **insured**:

- (a) which is located in a jurisdiction where the applicable law or regulation does not allow the **insurer** to provide cover to that **insured**; 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 **insured**.

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**.