



Berkley
Financial Specialists
| a Berkley Company

Fidelity Bond for Depository Institutions

Experts Focused On Your Protection. We Deliver.

Berkley Financial Specialists is a leader in providing insurance coverage to financial institutions. Our team of experts delivers industry-leading products based upon an average of over 20 years of experience. The following descriptions provide an overview summary of insuring agreements within our Fidelity Bond for Depository Institutions, which may be helpful in gaining a high-level understanding of the benefits of coverage.

Coverages:

A – Fidelity:

Provides coverage for fraudulent or dishonest acts committed by employees or in collusion with others to gain financial benefit.

B – On Premises:

Robbery, burglary, theft, and other losses that happen within the offices, branches and premises is covered here. The agreement also provides consideration for damage to certain property during a robbery or burglary, as well as consideration for the property of those on the premises during such an event.

C – In Transit:

Covers the loss of property while in the custody of messengers or transportation companies from the time of pick-up until delivery.

D – Forgery or Alteration:

Considers losses related to reliance upon a forged signature on an enumerated instrument or the counterfeiting of the same that causes a loss to the bank.

E – Securities and Signature Guarantees:

Provides coverage for loss to the bank in accepting original securities that have been forged, altered or lost or stolen. There is also consideration for signature guarantees provided and for items outlined in coverage that are counterfeited.

F – Counterfeit Money:

Provides coverage for loss resulting from accepting altered or counterfeit money.

G – Fraudulent Mortgages:

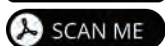
Covers the loss of a mortgage extended in reliance upon written, original mortgages, deeds of trust or conveyance of same that are determined to be signed through trick, artifice, fraud or false pretenses.

H – Computer Systems Fraud:

Contemplates coverage for a fraudulent entry or change within a computer system that causes the transfer of property, an account to be manipulated, or an unauthorized or fictitious account to be credited or debited causing a loss to the bank.

I – Data Processing Service Operations:

Provides consideration when the bank serves as data processor for an entity, and such entity (client) sustains a loss directly arising from fraudulent entry or change in a computer system that causes transfer of property, the addition, deletion, debit or credit to an account, or an unauthorized or fictitious account to be debited or credited. The bank must be legally liable to the client as a provider of data processing services for that client.



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J – Fraudulent Transfer Instructions:

Covers loss of transferred funds, certificated securities or uncertificated securities through a computer system based upon a fraudulent instruction sent to the bank through fax, phone or e-mail. The policy outlines six conditions precedent to coverage, and further defines customer.

K – Destruction of Data or Programs by Hacker:

Covers the direct loss from destruction or damage to data or computer programs owned by the bank or for which the bank is legally liable. The coverage also contemplates the reasonable restoration or recreation of the destroyed or damaged data or programs.

L – Destruction of Data or Programs by Virus:

Covers the direct loss from destruction or damage to data or programs owned by the bank where destruction or damage is caused by a program or instruction designed to destroy or damage data or programs within the covered computer system. The coverage also provides for reasonable restoration or recreation of the data or programs, and includes a special condition defining single loss for the insuring agreement.



M – Voice Computer System Fraud:

Contemplates losses resulting directly from fraudulent use of voice telephone long distance toll calls, provided system passwords are changed every 30 days and a call disconnect feature is activated preventing access following three unsuccessful attempts of password or passcode entry.

N – Liability of Depository:

Covers costs the bank becomes legally obligated to pay by reason of liability for loss of customers' property. This insuring agreement also covers investigation and defense against allegations of loss or damages.

O – Loss of Customers' Property:

Covers loss by burglary or robbery, or threatened damage or destruction of customers' property while the property is in the care, custody or control of the bank.

P – Automated Mechanical Devices:

Provides coverage for loss of money or negotiable instruments caused by burglary or robbery when money or negotiable instruments are located within any ATM that is owned or operated by the bank. This also covers damage or destruction of an ATM caused by burglary or robbery.

Q – Transit Cash Letters:

Loss resulting directly from the physical destruction or other loss of an item enclosed and listed in a Transit Cash Letter while in transit between any office of the bank and any place in the United States of America or Canada and missing 21 days after knowledge of the item not arriving. The bank agrees to make copies of the front and back of each item, or otherwise make a descriptive record of each item enclosed in transit.

R – Unauthorized Signatures:

Covers loss directly from acceptance of any check or withdrawal order against a customer's account which bears the signature or endorsement other than a person whose name and signature are on file with the bank as a signatory on account. Right of recovery under this insuring agreement is conditioned upon the bank having on file signatures of all persons who are signatories on the account involved in the loss.

S – Check Kiting Fraud:

Provides coverage for loss directly from check kiting fraud. The bank must conform to industry standard practices and procedures for detecting and preventing check kiting, and place a stop payment of any check drawn on any account immediately upon discovery of a check kiting fraud, and return any unpaid checks as unpaid.

T – Debit Card Fraud:

Covers loss resulting directly from fraudulent use of a debit card to obtain cash or pay for products or services by gaining access to an electronic payment device upon verification of available funds as part of the transaction.

U – Kidnap and Ransom:

Provides for coverage against loss of property surrendered by the bank as a result of a threat to do bodily harm for an actual or alleged abduction. Expenses incurred and paid may be insured as part of this insuring agreement for investigation, temporary protection, negotiated release, payment for crisis response firm, compensation for a period of recovery, or medical or psychiatric care. A reasonable effort to communicate the extortionist's demand and to report the demand to the FBI or similar foreign equivalent is a condition precedent to coverage.

V – Extortion:

Provides coverage for loss of property surrendered as a result of a threat to damage the premises or tangible personal property of the bank, to disclose confidential or proprietary information about the bank's business (including trade secrets), or to cause funds to be transferred, paid or delivered. The coverage also considers reasonable expenses to investigate and prevent a threat. A reasonable effort to communicate the extortionist's demand and to report the demand to the FBI or similar foreign equivalent is a condition precedent to coverage.

W – Stop Payment Liability:

Covers sums the bank is legally obligated to pay as a result of failing to comply with any notice to stop payment on a check or draft, or wrongfully dishonoring or wrongfully failing to certify any check or draft drawn by any customer.

X – Claims and Audit Expenses:

Reasonable expenses incurred and paid by the bank in preparing a covered claim for loss under the Fidelity (A) insuring agreement. Costs may include expenses for audit or examination required by supervisory authorities by reason of the dishonest or fraudulent acts of its employees.

Y – Rewards:

Payment of money as a reward for information leading to the capture or apprehension of any person who shall have perpetrated or attempted to perpetrate a criminal act upon the bank for which the bond would afford coverage under a purchased insuring agreement.

Z – Payments for Injury or Death:

This insuring agreement provides coverage when the bank compensates any customer, director, trustee or employee who sustains bodily injury or death from an act of larceny, theft, robbery or burglary against the bank. The coverage also extends to include consideration for psychiatric treatment or counseling by a licensed professional for any mental trauma arising from the same.

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Let us know how we can deliver for you!

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Corporate Deception Fraud:

Available by rider, this coverage responds when the bank transfers, pays or delivers any of the bank's own Money or Certificated Securities through an act of intentionally misleading an employee. This coverage extends to vendor accounts, which may also be compromised by fraud directly to an employee, causing the payee information to change, and the bank to sustain a loss.

This bond also provides features such as an available diminishing deductible rider that reduces the applicable deductible against a loss when insured with Berkley Financial Specialists without loss in previous terms. The bond includes joint loss payee coverage for Freddie Mac, Fannie Mae, Ginnie Mae and the applicable FHLB. Coverage for ERISA requirements is extended from the Fidelity insuring agreement to apply towards employee benefit plans, and Servicing Contractor coverage is contemplated for mortgage servicers where dishonest acts may impair the bank. There are a number of riders available to address the individual needs or special coverage situations unique to certain financial institutions.

The foregoing are summary descriptions of coverage to provide an overview of the insuring agreements of the Fidelity Bond for Depository Institutions. Exact language, terms, conditions and definitions, which determine coverage at the time of loss, should only be relied upon from the original, issued policy. The narration provided is intended only to be used to easily summarize insuring agreements, and not be an inclusive nor exhaustive duplication of coverage. All claims are adjusted based upon the facts, circumstances and evidence provided at the time of loss, subject to the terms of the issued policy.

