

COMPUTER & ELECTRONIC CRIME RIDER

To be attached to and form part of Financial Institution Bond, Standard Form No. 24, No. [policynbr]

1. It is agreed that the attached bond is amended by adding the following additional Insuring Agreements:

COMPUTER HACKER INSURING AGREEMENT

Loss resulting directly from an unauthorized party (other than an Employee), acting alone or in collusion with others, entering or changing Electronic Data or Computer Programs within any Computer System:

- (a) operated by the Insured;
- (b) operated by a natural person, partnership or corporation performing services as a data processor of checks or other accounting records of the Insured pursuant to a Written contract with the Insured; or
- (c) first used by the Insured during the bond period as provided by General Agreement B of this bond;

provided that the entry or change causes: (1) property to be transferred, paid or delivered, (2) an account of the Insured, or of its customer, to be added, deleted, debited or credited, or (3) an unauthorized account or a fictitious account to be debited or credited.

FRAUDULENT INSTRUCTIONS INSURING AGREEMENT

Including Wire, Electronic Funds, and ACH transfers (Fedwire, CHIPS & SWIFT)

Loss resulting directly from an Employee transferring funds from a customer's account by using any Computer System enumerated in (a), (b) or (c) above, while acting in good faith and reliance upon a fraudulent instruction transmitted or received:

- (a) from a software contractor who has a Written agreement with the Insured to design, implement or service programs for a Computer System covered by this Insuring Agreement; or
- (b) by Tested telex or similar means of Tested communication (except a Telefacsimile Device or an email) purportedly sent by a customer, financial institution or automated clearing house; or
- (c) by telephone which was purported to be from an:
 - (i) individual person who is a customer of the Insured; or
 - (ii) officer, director, partner or employee of a customer of the Insured who was authorized by the customer to instruct the Insured to make such transfer; or
 - (iii) Employee of the Insured in another office of the Insured who was authorized by the Insured to instruct other Employees of the Insured to transfer Funds, and was received by an Employee of the Insured specifically designated to receive and act upon such instructions; or
- (d) through a Telefacsimile Device or an email and which instruction purports and reasonably appears to have originated from a customer of the Insured, another financial institution, or another office of the Insured but, in fact, was not originated by the customer or entity whose identification it bears and contains the name of a person authorized to initiate such transfer;

provided that with regard to (c) and (d):

- (i) if the transfer was in excess of \$100,000 the instruction was verified by a call back according to a prearranged procedure; and
- (ii) if the instruction purports to be from a customer of the Insured, the customer is an entity or individual which has a Written agreement with the Insured authorizing the Insured to rely on voice instructions or instructions received through a Telefacsimile Device or via email to make transfers and which has provided the Insured with the names of persons authorized to initiate such transfers and with which the Insured has established an instruction verification mechanism.

COMPUTER VIRUS AND EMPLOYEE SABOTAGE INSURING AGREEMENT

Loss resulting directly from the malicious destruction of, or damage to, Electronic Data or Computer Programs owned by the Insured or for which the Insured is legally liable while stored within a Computer System covered under the terms of the Fraudulent Instructions Insuring Agreement above, including damage or destruction caused by a Computer Program or similar instruction which was written or altered to incorporate a hidden instruction designed to destroy or damage Electronic Data or Computer Programs in the Computer System in which the Computer Program or instruction so written or so altered is used.

The liability of the Underwriter as to this Insuring Agreement shall be limited to the cost of duplication and/or replacement of such Electronic Data or Computer Programs. In the event, however, that destroyed or damaged Computer Programs cannot be duplicated from other Computer Programs, the Underwriter will pay the cost incurred for computer time, computer programmers, consultants or other technical specialists as is reasonably necessary to restore the Computer Programs to substantially the previous level of operational capability.

Special Conditions and Limitations: For the purpose of this Insuring Agreement only:

- (1) Single Loss shall mean all covered costs incurred by the Insured between the time destruction or damage is discovered and the time the Computer System is restored to substantially the previous level of operational capability. Recurrence of destruction or damage after the Computer System is restored shall constitute a separate Single Loss.
- (2) Exclusion (h) of the bond is deleted in its entirety and replaced with the following: loss caused by an Employee except when covered under Insuring Agreement (A) or this Computer Virus and Employee Sabotage Insuring Agreement.

TOLL FRAUD INSURING AGREEMENT

Loss resulting directly from charges for voice telephone long-distance toll calls which were incurred due to the fraudulent use or fraudulent manipulation of an Account Code or System Password required to obtain access to a Voice Computer System first used by the Insured, installed on the Insured's premises, whose System Administration is performed and controlled by the Insured; provided, however, that the unauthorized access was not made possible by:

- (1) failure to incorporate a System Password feature or failure to change the System Password at least once every 30 days thereafter, or
- (2) failure to have a call-disconnect feature in operation to automatically terminate a caller's access to the Voice Computer System after not more than three unsuccessful attempts to input an Account Code.

2. For the purpose of this rider only, the conditions and limitations contained in the bond shall apply and the following condition and limitation is added:

CONDITIONS AND LIMITATIONS

SERIES OF LOSSES

All loss or series of losses involving the fraudulent acts of one individual (whether or not that individual is identified) or involving fraudulent acts in which a reasonable person would conclude that one individual is implicated, shall be treated as a Single Loss and subject to the Single Loss Limit of Liability. A series of losses involving unidentified individuals, but arising from the identical method of operation shall be deemed to involve the same individual and in that event shall be treated as a Single Loss and subject to the Single Loss Limit of Liability.

3. For the purpose of this rider only, the definitions contained in Conditions and Limitations, Section 1 of the bond, shall apply and the following definitions are added:

DEFINITIONS

- (a) Account Code means a confidential and protected string of characters which identifies or authenticates a person and permits that person to gain access to a Voice Computer System for the purpose of making toll calls or utilizing voice mail box messaging capabilities or other similar functional features of the Voice Computer System.
- (b) Computer Program means a set of related electronic instructions which direct the operations and functions of a computer or devices connected to it which enable the computer or devices to receive, process, store or send Electronic Data.
- (c) Computer System means computers with related peripheral components, including storage components wherever located, systems and applications software, terminal devices, and related communication networks by which Electronic Data are electronically collected, transmitted, processed, stored and retrieved.
- (d) Confidential Information means any secret, confidential or sensitive information maintained by, and within the control of, the Insured with respect to its own business activities or those of its customers, and where the unauthorized publication of such information would ordinarily constitute a breach of statutory or regulatory law.
- (e) Electronic Data means facts or information converted to a form usable in a Computer System by Computer Programs and which is stored on magnetic tapes or disks, or optical storage disks or other bulk media.
- (f) Funds means Money on deposit in an account.
- (g) System Administration means the performance of security functions including but not limited to defining authorized persons to access a Voice Computer System and adding, changing and deleting Account Codes or passwords in connection therewith; and invoking or revoking a System option which directs telephone call routing or which adds, moves or drops telephone lines or which performs any other similar activity.

- (h) System Maintenance means the performance of hardware and software installation, diagnostics and corrections and similar activities that are performed in the usual custom and practice by a manufacturer or vendor to establish or maintain the basic operational functionality of a Voice Computer System or any component thereof.
 - (i) System Password means a confidential and protected string of characters which identifies or authenticates a person and permits that person to gain access to a Voice Computer System or any portion thereof for the purpose of performing System Administration or System Maintenance activities.
 - (j) Telefacsimile Device means a machine capable of sending or receiving a duplicate image of a document by means of electronic impulses transmitted through a telephone line and which reproduces the duplicate image on paper.
 - (k) Tested means a method of authenticating the contents of a communication by using a verification mechanism which has been agreed upon between the Insured and a customer, automated clearing house, or another financial institution for the purpose of protecting the integrity of the communication in the ordinary course of business.
 - (l) Voice Computer System means a Computer System installed in one location which functions as a private branch exchange (PBX), voice mail processor, automated call attendant or provides a similar capability used for the direction or routing of telephone calls in a voice communications network.
4. For the purpose of this rider only, all exclusions contained in Conditions and Limitations, Section 2 of the bond, shall apply. In addition, the following exclusions are added:

EXCLUSIONS

- (a) Loss resulting directly or indirectly from the assumption of liability by the Insured by contract unless the liability arises from a loss covered by this rider and which would be imposed on the Insured regardless of the existence of the contract;
- (b) Loss resulting directly or indirectly from negotiable instruments, securities, documents or other Written instruments, exclusive of any instruction set forth in paragraphs (a) through (d) of the Fraudulent Instructions Insuring Agreement above, which bear a forged signature, or are counterfeit, altered or otherwise fraudulent and which are used as source documentation in the preparation of Electronic Data or manually keyed into a data terminal;
- (c) Loss resulting directly or indirectly from:
 - (1) mechanical failure, faulty construction, error in design, latent defect, fire, wear or tear, gradual deterioration, electrical disturbance or electrical surge which affects a Computer System, or
 - (2) failure or breakdown of electronic data processing media, or
 - (3) error or omission in programming or processing,unless such loss is covered under the Computer Virus and Employee Sabotage Insuring Agreement above;
- (d) Loss to a customer's account resulting directly or indirectly from the input of Electronic Data into a Computer System by a person who had authorized access to the customer's authentication mechanism;

- (e) Loss resulting directly or indirectly from the theft of Confidential Information, except when such theft results directly in an account of the Insured or its customer being debited or deleted;
- (f) Loss resulting directly or indirectly from the fraud or dishonesty of a natural person, partnership or corporation performing services as a data processor of checks or other accounting records of the Insured or from the fraud or dishonesty of the partners, officers, or employees of such natural person, partnership or corporation.
- (g) Loss resulting directly or indirectly from a breach of the customer's computer system or from the unauthorized use of the customer's login, password or access key, except where the customer's login, password or access key was gained through a breach of the Insured's Computer System.

5. This rider shall be effective as of 12:01 a.m. standard time at the above Named Insured's address on [endorsementeffdt].

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the bond, other than as above stated.

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