

COMPUTER SYSTEM FRAUD

This Endorsement Changes The Bond. Please Read it Carefully.

Certain words and phrases that appear in bold have special meaning as defined in the Intact form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

In consideration of the payment of the premium, it is hereby understood and agreed that:

1. The attached "**Bond**" is amended by adding an additional Insuring Agreement as follows:

COMPUTER SYSTEMS FRAUD

Loss resulting directly from a fraudulent:

- (1) entry of "**Electronic Data**" or "**Computer Program**" into; or
- (2) change of "**Electronic Data**" or "**Computer Program**" within;

any "**Computer System**" operated by the "**Insured**", whether owned or leased; or any "**Computer System**" identified in the application for this "**Bond**", or a "**Computer System**" 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:

- (i) "**Property**" to be transferred, paid, or delivered;
- (ii) an account of the "**Insured**" or of its customer, to be added, deleted debited or credited; or
- (iii) an unauthorized account or a fictitious account to be debited or credited.

In this "**Insuring Agreement**", fraudulent entry or change shall include such entry or change made by an "**Employee**" of the "**Insured**" acting in good faith on an instruction 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**".

2. In addition to the Conditions and Limitations in the "**Bond**", the following, applicable to the **Computer Systems Fraud Insuring Agreement**, are added:

DEFINITIONS

- (A) "**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**";
- (B) "**Computer System**" means
 - (1) computers with related peripheral components, including storage components wherever located,
 - (2) systems and applications software,
 - (3) terminal devices, and
 - (4) related communication networksby which "**Electronic Data**" are electronically collected, transmitted, processed, stored and retrieved;
- (C) "**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.

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 the **Computer Systems Fraud Insuring Agreement** and 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 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;
- (D) loss resulting directly or indirectly from the input of "**Electronic Data**" into a "**Computer System**" terminal device either on the premises of a customer of the Insured or under the control of such a customer by a person who had authorized access to the customer's authentication mechanism;
- (E) loss resulting directly or indirectly from the theft of the confidential information.

SERIES OF LOSSES

All loss or series of losses involving the fraudulent acts of one individual, or involving fraudulent acts in which one individual is implicated, whether or not that individual is specifically identified, shall be treated as a single loss. A series of losses involving unidentified individuals but arising from the same method of operation shall be deemed to involve the same individual and in that event shall be treated as a single loss.

3. The exclusion below, as found in the attached "**Bond**", does not apply to the **Computer Systems Fraud Insuring Agreement**.

"loss involving any "**Uncertificated Security**" except an Uncertificated Security of any Federal Reserve Bank of the United States or when covered under **Insuring Agreement: A**;

4. The **Underwriter's** total liability for each loss under the foregoing **Computer Systems Fraud Insuring Agreement**, is limited to the sum stated in the Declaration Page(s) for this Endorsement.
5. The Deductible applicable for each loss is the amount stated in the Declaration Page(s) for this Endorsement.

All other terms and conditions of this Policy remain unchanged.