

Fraudulent Instruction Coverage

This endorsement modifies the Beazley Breach Response cover and shall be read as if incorporated within it:

1. The Schedule is amended with the addition of the following sublimit:

GBP <sublimit> Insuring Agreement FI, Fraudulent Instruction

2. Clause I. Insuring Agreements is amended by the addition of:

FI. Fraudulent Instruction

To indemnify the **Policyholder** for loss, in excess of the applicable **Retention**, resulting directly from an **Insured** having transferred, paid, or delivered any **Money** or **Securities** as a direct result of **Fraudulent Instructions**, provided such loss is first discovered by the **Insured** and reported in writing to the Underwriters during the **Policy Period** and must occur after the Retroactive Date and before the end of the **Policy Period**.

3. Clause V. Exclusions, paragraph P. is deleted in its entirety and replaced with the following:

P. Trading Losses and Monetary Transactions

For, arising out of or resulting from any of the following:

(1) trading losses, trading liabilities or change in value of accounts; (2) any loss, transfer or theft of monies, securities or tangible property of others in the care, custody or control of the **Insured Organization**; (3) the monetary value of any transactions or electronic fund transfers by or on behalf of the **Insured** which is lost, diminished, or damaged during transfer from, into or between accounts; or (4) the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount; provided that subsections (1), (2) and (3) of this exclusion shall not apply to **Loss** covered under Insuring Agreement FI.;

4. There shall be no coverage under Insuring Agreement FI. for **Loss** arising out of or resulting from, either directly or indirectly:
 - a. the actual or alleged use of credit, debit, charge, access, convenience, customer identification or other cards;
 - b. any transfer of money, goods, information or other item involving any person or entity that had authorized access to the **Insured's** authentication mechanism;

- c. the processing of, or the failure to process, credit, check, debit, personal identification number debit, electronic benefit transfers or mobile payments for merchant accounts;
 - d. the failure of any party to perform, in whole or in part, under any contract or agreement;
 - e. the failure, malfunction, inadequacy or illegitimacy of any product or service;
 - f. accounting or arithmetical errors or omissions;
 - g. indirect or consequential loss of any kind including income not realized as the result of a covered loss; or
 - h. fees, costs or expenses incurred in defending or prosecuting any legal proceeding or claim.
5. Clause II. Definitions, paragraph W., "**Loss**" is amended to include loss covered under Insuring Agreement FI.
6. Clause II. Definitions is amended by the addition of:
- FI-A. **Authorized Employee** means an employee who is authorized by the **Insured** to transfer **Money** or **Securities** or to instruct other employees to transfer **Money** or **Securities**.
 - FI-B. **Client** means a customer of the **Insured** to whom the **Insured** provides goods or services under a written contract or for a fee.
 - FI-C. **Fraudulent Instructions** means a fraudulent written instruction, electronic instruction (including email or web-based instruction) or telephone instruction provided by a person purporting to be a **Vendor, Client, or an Authorized Employee**, that is intended to mislead an **Insured** through the misrepresentation of a material fact that is relied upon in good faith by such **Insured**.
 - FI-D. **Money** means:
 - 1. currency, coins or bank notes in current use and having a face value; and
 - 2. traveler's checks, register checks or money orders held for sale to the public.
 - FI-E. **Out-of-Band Authentication** means a method of challenge and response to the requestor of a transfer, payment or delivery of **Money** or **Securities** by an **Insured**, via a method other than the original means of request, to verify the authenticity or validity of the request.
 - FI-F. **Securities** mean negotiable and non-negotiable instruments or contracts representing either **Money** or property and includes:

1. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
2. evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**.

FI-G. **Third Party** means any person or entity other than a **Related Party**.

FI-H. **Vendor** means any entity or natural person that provides goods or services to the **Insured** pursuant to a written agreement.

7. Clause VIII. Notice of Claim, Loss or Circumstance That Might Lead to a Claim is amended by the addition of:

FI-A. With respect to Insuring Agreement FI., the **Policyholder** shall forward written notice as soon as practicable upon discovery of such transfer, payment or delivery of **Money** or **Securities** to which this Policy applies, to the Underwriters through persons named in Item 9.(a) of the Declarations in the form of telecopy, email or express or certified mail. In no event shall the Underwriters be given notice of such transfer, payment or delivery of **Money** or **Securities** later than the expiration date of the **Policy Period** or the end of the Optional Extension Period (if applicable).

Before coverage under Insuring Agreement FI. will apply, the **Policyholder** must prepare and submit to the persons named in paragraph A. of this Clause, a proof of loss, duly sworn to, within sixty (60) days after the **Insured** discovered such loss. Such proof of loss shall include any available documentation of fraudulent written, electronic or telephone instructions, documentation of verification via a method other than the original means of the request, the amount of loss incurred, and all other insurance available to the **Insured** in connection with such loss.

8. All losses arising out of or resulting from the same **Fraudulent Instruction**, multiple or series of **Fraudulent Instructions** purporting to be from the same **Vendor, Client** or **Authorized Employee** or related **Vendors, Clients** or **Authorized Employees**, or multiple or a series of **Fraudulent Instructions** from the same **Third Party** or related **Third Parties** shall be deemed to be each a single loss under this Policy subject to the **Retention** stated in Section 2. of this Endorsement.
9. Coverage under this Endorsement is excess to the coverage provided by any commercial crime policy; provided, however, notwithstanding the foregoing or anything in this Policy to the contrary, the Underwriters will recognize erosion of the **Retention** applicable to Insuring Agreement FI. by any payments made by or on behalf of the **Insured Organization** pursuant to such commercial crime policy issued to the **Insured Organization**, but only if such payments are for **Loss** that would otherwise be covered under Insuring Agreement FI.

All other terms and conditions of this policy remain unchanged.