



COMPUTER CRIME POLICY
FOR FINANCIAL INSTITUTIONS
Edition of December, 1993

SelectOne+SM

Policy No. <policy #>

<issuing company>
(Herein called Company)

DECLARATIONS

Item 1. Name of Insured (herein called Insured):

<insured>
<insured>
<insured>

Principal Address:

<address>
<address>
<address>

Item 2. Policy Period: from 12:01 a.m. on <mm/dd/yyyy> to 12:01 a.m. on <mm/dd/yyyy>
(MONTH, DAY, YEAR) (MONTH, DAY, YEAR)

Item 3. The Aggregate Limit of Liability of the Company during the Policy Period shall be
\$<aggregate limit of liability>

Item 4. Subject to Sections 4 and 10 hereof, the Single Loss Limit of Liability and Single Loss Deductible applicable to
individual Insuring Agreements are as follows:

Table with 3 columns: Insuring Agreements, Single Loss Limit of Liability, and Single Loss Deductible. It lists 7 types of fraud with corresponding limit and deductible placeholders.

Insuring Agreement 1 is mandatory; all others are optional. If "Not Covered" is inserted above opposite any
specified optional Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy
shall be deemed to be deleted therefrom.

Item 5. Voice Initiated Transfer Fraud
Under the terms of the Voice Initiated Transfer Fraud Insuring Agreement, the Insured must place a verification
call-back for each transfer in excess of \$<amount>.

Telefacsimile Transfer Fraud
Under the terms of the Telefacsimile Transfer Fraud Insuring Agreement, the Insured must place a verification
call-back for each transfer in excess of \$<amount>.

Item 6. The liability of the Company is subject to the terms of the following endorsements attached hereto:
<form number/edition date>
<form number/edition date>
<form number/edition date>
<form number/edition date>
<form number/edition date>

<form number/edition date>
<form number/edition date>
<form number/edition date>
<form number/edition date>
<form number/edition date>
<form number/edition date>

Item 7. The Insured by the acceptance of this policy gives notice to the Company terminating or canceling prior policy(ies)

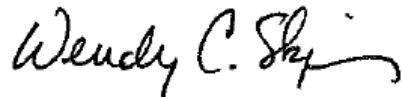
No.(s) <prior policy number>
 <prior policy number>

Such termination or cancelation to be effective as of the time this policy becomes effective.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its authorized officers.



President, Bond & Specialty Insurance



Corporate Secretary

Specimen

The Company, in consideration of an agreed premium, and in reliance upon all statements made and information furnished to the Company by the Insured in applying for this policy, and subject to the Declarations, Insuring Agreements, General Agreements, Conditions and Limitations and other terms hereof, agrees to indemnify the Insured for:

INSURING AGREEMENTS

1. 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 policy; or a Computer System first used by the Insured during the policy period, as provided by General Agreement A;

provided 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

- (a) 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, or
- (b) on an instruction transmitted by Tested telex or similar means of Tested communication identified in the application for this policy purportedly sent by a customer, financial institution, or automated clearing house.

2. DATA PROCESSING SERVICE OPERATIONS

Loss sustained by a Client of the Insured resulting directly from a fraudulent

- (1) entry of Electronic Data or a Computer Program into, or
- (2) change of Electronic Data or a Computer Program within

a Computer System covered under the terms of Insuring Agreement 1, or

- (3) entry or change of Electronic Data during electronic transmission or physical transit from the Insured to its Client,

provided that the entry or change causes

- (i) property to be transferred, paid or delivered,
- (ii) an account of the Client, or a customer of the Client, to be added, deleted, debited or credited, or
- (iii) an unauthorized account or a fictitious account to be debited or credited,

and for which loss the Insured is legally liable to the Client as a provider of data processing services for such Client.

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

- (a) 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, or
- (b) on an instruction transmitted by Tested telex or similar means of Tested communication identified in the application for this policy purported sent by a customer, financial institution, or automated clearing house.

In this Insuring Agreement, Client means an entity for whom the Insured serves as data processor under the terms of a written agreement.

3. VOICE INITIATED TRANSFER FRAUD

Loss resulting directly from the Insured having, in good faith, transferred Funds from a Customer's account through a Computer System covered under the terms of Insuring Agreement 1 in reliance upon a fraudulent voice instruction transmitted by telephone which was purported to be from

- (1) an 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,
- (2) an individual person who is a Customer of the Insured, or
- (3) an 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, but the voice instruction was not from a person described in (1), (2) or (3) above,

provided that

- (i) such voice instruction was electronically recorded by the Insured and required password(s) or code word(s) given; and
- (ii) if the transfer was in excess of the amount shown on the Declarations Page as the verification call-back amount for this Insuring Agreement, the voice instruction was verified by a call-back according to a prearranged procedure.

As used in this Insuring Agreement, Customer means an entity or individual which has a written agreement with the Insured authorizing the Insured to rely on voice instructions to initiate transfers and 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.

4. TELEFACSIMILE TRANSFER FRAUD

Loss resulting directly from the Insured having, in good faith, transferred or delivered Funds, Certificated Securities or Uncertificated Securities through a Computer System covered under the terms of Insuring Agreement 1 in reliance upon a fraudulent instruction received through a Telefacsimile Device, and which instruction

- (1) purports and reasonably appears to have originated from
 - (a) a Customer of the Insured,
 - (b) another financial institution, or
 - (c) another office or the Insuredbut, in fact, was not originated by the Customer or entity whose identification it bears and
- (2) contains a valid test code which proves to have been used by a person who was not authorized to make use of it, and
- (3) contains the name of a person authorized to initiate such transfer;

provided that, if the transfer was in excess of the amount shown on the Declarations Page as the verification call-back amount for this Insuring Agreement, the instruction was verified by a call-back according to a prearranged procedure.

As used in this Insuring Agreement, Customer means an entity or individual which has a written agreement with the Insured authorizing the Insured to rely on Telefacsimile Device instructions to initiate transfers and 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.

5. DESTRUCTION OF DATA OR PROGRAMS BY HACKER

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 Insuring Agreement 1.

The liability of the Company shall be limited to the cost of duplication of such Electronic Data or Computer Programs from other Electronic Data or Computer Programs which shall have been furnished by the Insured.

In the event, however, that destroyed or damaged Computer Programs cannot be duplicated from other Computer Programs, the Company 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.

6. DESTRUCTION OF DATA OR PROGRAMS BY VIRUS

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 Insuring Agreement 1 if such destruction or damage was 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 Company shall be limited to the cost of duplication of such Electronic Data or Computer Programs from other Electronic Data or Computer Programs which shall have been furnished by the Insured.

In the event, however, that destroyed or damaged Computer Programs cannot be duplicated from other Computer Programs, the Company 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 Condition:

Under this Insuring Agreement, "Single Loss" means 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."

7. VOICE COMPUTER SYSTEM FRAUD

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 owned or leased 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.

Special Condition:

Under this Insuring Agreement, "Single Loss" means loss resulting from toll call charges made only on

telephone lines directly controlled by one Voice Computer System and only toll call charges occurring for a period of not more than 30 days inclusive of the date on which the first such toll call charge was made.

GENERAL AGREEMENTS

A. CONSOLIDATION, MERGER OR PURCHASE OF ASSETS OR COMPUTER SYSTEMS OF ANOTHER INSTITUTION - NOTICE

If the Insured consolidates or merges with another institution, or purchases or acquires the assets, liabilities or Computer System(s) of another institution, the Insured shall not have the coverage provided by this policy unless the Insured

- (i) gives the Company written notice of the proposed consolidation, merger, purchase or acquisition prior to the proposed effective date of such action, and
- (ii) obtains the written consent of the Company to extend the coverage provided by this policy, and
- (iii) pays to the Company any additional premium which may be due.

B. REPRESENTATION OF INSURED

The Insured represents that the information furnished in the application for this policy is complete, true and correct. Such application constitutes part of this policy. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in the application or otherwise, shall be grounds for the rescission of this policy.

C. JOINT INSURED

If two or more Insureds are covered under this policy the first named Insured shall act for all Insureds. Payment by the Company to the first named Insured for loss sustained by any Insured shall fully release the Company on account of such loss. If the first named Insured ceases to be covered under this policy, the Insured next named shall thereafter be considered as the first named Insured. Knowledge possessed or discovery made by any Insured shall constitute knowledge or discovery by all Insureds for all purposes of this policy. The liability of the Company for loss or losses sustained by all Insureds shall not exceed the amount for which the Company would have been liable had all such loss or losses been sustained by one Insured.

D. NOTICE OF LEGAL PROCEEDINGS AGAINST INSURED - ELECTION TO DEFEND

The Insured shall notify the Company at the earliest practicable moment, not to exceed 30 days after notice thereof, of any legal proceeding brought to

determine the Insured's liability for any loss, claim or damage, which, if established, would constitute a collectible loss under this policy. Concurrently, the Insured shall furnish copies of all pleadings and pertinent papers to the Company.

The Company at its sole option, may elect to conduct the defense of such legal proceeding, in whole or in part. The defense by the Company shall be in the Insured's name through attorneys selected by the Company. The Insured shall provide all reasonable information and assistance required by the Company for such defense.

If the Company elects to defend the Insured, in whole or in part, any judgment against the Insured on those counts or causes of action which the Company defended on behalf of the Insured or any settlement in which the Company participates and all attorneys' fees, costs and expenses incurred by the Company in the defense of the litigation shall be a loss covered by this policy.

If the Insured does not give the notices required in subsection (a) of Section 5 of this policy and in the first paragraph of this General Agreement, or if the Company elects not to defend any causes of action, neither a judgment against the Insured, nor a settlement of any legal proceeding by the Insured, shall determine the existence, extent or amount of coverage under this policy for loss sustained by the Insured, and the Company shall not be liable for any attorneys' fees, costs and expenses incurred by the Insured.

With respect to this General Agreement, subsections (b) and (g) of Section 5 of this policy apply upon the entry of such judgment or the occurrence of such settlement instead of upon discovery of loss. In addition, the Insured must notify the Company within 30 days after such judgment is entered against it or after the Insured settles such legal proceeding, and, subject to subsection (h) of Section 5, the Insured may not bring legal proceedings for the recovery of such loss after the expiration of 24 months from the date of such final judgment or settlement.

CONDITIONS AND LIMITATIONS

Section 1. DEFINITIONS

As used in this Policy:

- (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 System;
- (b) Certificated Security means a share, participation or other interest in the property, of or an enterprise of, the issuer or an obligation of the issuer, which is:
 - (1) represented by an instrument issued in bearer or registered form;
 - (2) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment, and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interest or obligations;
- (c) 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;
- (d) 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;
- (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 or deposit in an account;
- (g) Money means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency;
- (h) 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 allowed by a hardware or software-based System option that has been incorporated by a manufacturer or vendor into a System or any component thereof provided said System option is not intended for the sole use of such manufacturer or vendor;
- (i) 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;
- (j) 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;
- (k) 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;
- (l) Tested means a method of authenticating the contents of a communication by placing a valid test key on it which has been agreed upon by 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;
- (m) Uncertificated Security means a share, participation or other interest in property of, or an enterprise of, the issuer or an obligation of the issuer, which is:
 - (1) not represented by an instrument and the transfer of which is registered upon books maintained for that purpose by or on behalf of the issuer,
 - (2) of a type commonly dealt in on securities exchanges or markets, and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations;
- (n) 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.

Section 2. EXCLUSIONS

This policy does not cover:

- (a) any loss of the type or kind covered by the Insured's financial institution bond, regardless of any deductible amount or limit of liability;
- (b) loss caused by a director or employee of the Insured or by a person in collusion with any director or employee of the Insured; (Collusion shall include the willful withholding of knowledge from the Insured by any director or employee that a fraudulent act by a

person not an employee has been or will be perpetrated against the Insured.);

- (c) loss resulting directly or indirectly from entry or change of Electronic Data or Computer Programs in a Computer System, unless covered under Insuring Agreement 1 or 2;
- (d) loss resulting directly or indirectly from the Insured having transferred Funds in reliance on the validity of a voice instruction, unless covered under Insuring Agreement 1 or 3;
- (e) loss resulting directly or indirectly by the Insured having transferred or delivered Funds, Certificated Securities or Uncertificated Securities in reliance on an instruction received through a Telefacsimile Device, unless covered under Insuring Agreement 4;
- (f) loss resulting directly or indirectly from theft of confidential information;
- (g) loss resulting directly or indirectly from payments made or withdrawals from a depositor's account involving items of deposit which are not finally paid for any reason;
- (h) potential income, including but not limited to interest and dividends;
- (i) damages of any type for which the Insured is legally liable, except compensatory damages, but not multiples thereof, arising directly from a loss covered under this policy;
- (j) 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 policy and would be imposed on the Insured regardless of the existence of the contract;
- (k) any fees, costs and expenses incurred by the Insured
 - (1) in establishing the existence of or amount of loss covered under this policy, or
 - (2) as a party to any legal proceeding whether or not such legal proceeding exposes the Insured to loss covered by this policy;
- (l) indirect or consequential loss of any nature;
- (m) the cost of duplication of Electronic Data or Computer Programs, unless covered under Insuring Agreement 5 or 6;
- (n) loss involving a Voice Computer System, unless covered under Insuring Agreement 7;
- (o) loss involving automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans;
- (p) loss resulting directly or indirectly from
 - (1) written instructions or advices, or
 - (2) telegraphic or cable instructions or advices;unless the instructions or advices are Tested and the loss is covered under Insuring Agreement 1 or 2;
- (q) 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;

- (r) loss resulting directly or indirectly from the fraudulent preparation, or fraudulent modification of Computer Programs unless covered under Insuring Agreement 1 or 2;
- (s) 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;
- (t) loss due to riot or civil commotion or loss due to military, naval or usurped power, war or insurrection;
- (u) loss resulting directly or indirectly from the effects of nuclear fission or fusion or radioactivity; provided, however, that this exclusion shall not apply to loss resulting from industrial uses of nuclear energy;
- (v) loss as a result of a threat
 - (1) to do bodily harm to any person, or
 - (2) to do damage to the premises or property of the Insured, or
 - (3) to Computer System operations;
- (w) loss resulting directly or indirectly from the use of a telephone credit, debit, charge, identification or similar card to gain access to the Insured's Voice Computer System;
- (x) loss resulting directly or indirectly from the use or purported use of credit, debit, charge, access, convenience, customer identification or other cards;
- (y) 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 customer by a persons who had authorized access to the customer's authentication mechanism.

Section 3. DISCOVERY

This policy applies to loss discovered by the Insured during the Policy Period. Discovery occurs when the Insured first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the Insured receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss under the policy.

Section 4. LIMIT OF LIABILITY

Aggregate Limit of Liability

The Company's total liability for all losses discovered during the Policy Period shown in Item 2 of the

Declarations shall not exceed the Aggregate Limit of Liability shown in Item 3 of the Declarations. The Aggregate Limit of Liability shall be reduced by the amount of any payment made under the terms of this policy.

Upon exhaustion of the Aggregate Limit of Liability by such payments:

- (a) The Company shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the Company; and
- (b) The Company shall have no obligation under General Agreement D to continue the defense of the Insured, and upon notice by the Company to the Insured that the Aggregate Limit of Liability has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

The Aggregate Limit of Liability shall not be increased or reinstated by any recovery made and applied in accordance with subsections (a), (b) and (c) of Section 7. In the event that a loss is settled by the Company through the use of a lost instrument bond, such loss shall not reduce the Aggregate Limit of Liability.

Single Loss Limit of Liability

Subject to the Aggregate Limit of Liability, the Company's liability for each Single Loss shall not exceed the applicable Single Loss Limit of Liability shown in Item 4 of the Declarations. If a Single Loss is covered under more than one insuring Agreement, the maximum payable shall not exceed the largest applicable Single Loss Limit of Liability.

All loss or series of losses involving the fraudulent or destructive acts of one individual, or involving fraudulent or destructive acts in which one individual is implicated, whether or not that individual is specifically identified, 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 same 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.

Section 5. NOTICE/PROOF - LEGAL PROCEEDINGS AGAINST COMPANY

- (a) At the earliest practicable moment, not to exceed 30 days, after discovery of loss, the Insured shall give the Company notice thereof.
- (b) Within 6 months after such discovery, the Insured shall furnish to the Company proof of loss, duly sworn to, with full particulars.
- (c) This policy affords coverage only in favor of the Insured. No suit, action or legal proceedings shall be brought hereunder by any one other than the named Insured.
- (d) Proof of loss for claim under the Voice Initiated Transfer Fraud Insuring Agreement must include electronic recordings of such voice instructions and the verification call-back, if such call-back was required.

- (e) Proof of loss for claim under the Telefacsimile Transfer Fraud Insuring Agreement must include a copy of the document reproduced by the Telefacsimile Device.
- (f) Certificated Securities listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith.
- (g) Legal proceedings for the recovery of any loss hereunder shall not be brought prior to the expiration of 60 days after the original proof of loss is filed with the Company or after the expiration of 24 months from the discovery of such loss.
- (h) If any limitation embodied in this policy is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.

Section 6. VALUATION

Any loss of Money, or loss payable in Money, shall be paid, at the option of the Insured, in the Money of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange at the time of payment of such loss.

Securities

The Company shall settle in kind its liability under this policy on account of any securities or, at the option of the Insured, shall pay to the Insured the cost of replacing such securities, determined by the market value thereof at the time of such settlement. In the case of loss of subscription, conversion or redemption privileges through the loss of securities, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such securities cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this policy is subject to a Deductible Amount and/or is not sufficient in amount to indemnify the Insured in full for the loss of securities for which claim is made hereunder, the liability of the Company under this policy is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage.

Section 7. ASSIGNMENT - SUBROGATION - RECOVERY - COOPERATION

- (a) In the event of payment under this policy, the Insured shall deliver, if so requested by the Company, an assignment of such of the Insured's rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- (b) In the event of payment under this policy, the Company shall be subrogated to all of the Insured's rights of recovery therefor against any person or entity to the extent of such payment.
- (c) Recoveries, whether effected by the Company or by the Insured, shall be applied net of the expense of recovery:

- ** first to the satisfaction of the Insured's loss which would otherwise have been paid but for the fact that it is in excess of either the Single or Aggregate Limit of Liability,
- ** second, to the Company as reimbursement of amounts paid in settlement of the Insured's claim, and
- ** third, to the Insured in satisfaction of any Deductible Amount.

Recovery from reinsurance and/or indemnity of the Company shall not be deemed a recovery as used herein.

- (d) Upon the Company's request and at reasonable times and places designated by the Company the Insured shall
 - (1) submit to examination by the Company and subscribe to the same under oath; and
 - (2) produce for the Company's examination all pertinent records; and
 - (3) cooperate with the Company in all matters pertaining to the loss.
- (e) The Insured shall execute all papers and render assistance to secure to the Company the rights and causes of action provided for herein. The Insured shall do nothing after discovery of loss to prejudice such rights or causes of action.

Section 8. OTHER INSURANCE OR INDEMNITY

Coverage afforded hereunder shall apply only as excess over any valid and collectible insurance or indemnity obtained by the Insured, or by one other than the Insured. However, this policy does not provide excess indemnity for losses covered by the Insured's financial institution bond.

Section 9. OWNERSHIP

This policy shall apply to loss of Money, Certificated and Uncertificated Securities, Electronic Data, Computer Programs and other property

- (1) owned by the Insured,
- (2) held by the Insured in any capacity, or
- (3) for which the Insured is legally liable because of a loss covered by this policy.

This policy shall be for the sole use and benefit of the Insured named in the Declarations.

Section 10. DEDUCTIBLE AMOUNT

The Company shall be liable hereunder only in the event a Single Loss, as described in Section 4, exceeds the Single Loss Deductible amount for the Insuring Agreement applicable to such loss, subject to the Aggregate Limit of Liability and the applicable Single Loss Limit of Liability.

Section 11. TERMINATION OR CANCELATION

This policy terminates as an entirety upon occurrence of any of the following:

- (a) 60 days after the receipt by the Insured of a written notice from the Company of its desire to cancel this policy, or
- (b) immediately upon the receipt by the Company of a written notice from the Insured of its desire to cancel this policy, or
- (c) immediately upon the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, or
- (d) immediately upon the taking over of the Insured by another institution, or
- (e) immediately upon exhaustion of the Aggregate Limit of Liability, or
- (f) immediately upon expiration of the Policy Period as set forth in Item 2 of the Declarations.

Termination of the policy as to any Insured terminates liability for any loss sustained by such Insured which is discovered after the effective date of such termination.

In witness whereof, the Company has caused this policy to be executed on the Declarations page