

Interstate Fire and Casualty  
Company  
33 West Monroe Street, Suite 1200  
Chicago, IL 60603

## IDENTITY FRAUD REIMBURSEMENT POLICY

### INSURING AGREEMENT

We will provide the insurance described in this Policy to **Subscribers** in return for:

- a. the payment of premium; and
- b. compliance with all applicable provisions of this Policy.

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

The **Occurrence Date** must be during the term of the **Program** and the policy period.

We will pay up to the limit of insurance shown on the Declarations Page if the cause of **Loss** is shown as applicable on the Declarations Page.

### COVERAGE

#### Identity Fraud - Expense Reimbursement

If a limit for Identity Fraud – Expense Reimbursement is listed on the Declarations Page, we will reimburse the **Subscriber** for **Expenses** and **Legal Costs** incurred by the **Subscriber**, less any deductibles set forth on the Declarations Page or Certificate of Insurance, as the direct result of the following:

- A. **Fraud or Embezzlement**  
For **Loss** arising out of **Fraud or Embezzlement** perpetrated against the **Subscriber**, during the term of the **Program**.
- B. **Theft**  
For **Loss** resulting directly from **Theft** of property related to the **Subscriber's** information, checkbook, savings record, ATM access or securities from the

**Subscriber**, during the term of the **Program**.

- C. **Forgery**  
For **Loss** resulting directly from **forgery** or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay money that are:
  1. Made or drawn by or drawn upon the **Subscriber's** account; or
  2. Made or drawn by one purporting to act as the **Subscriber's** agent.

- D. **Data Breach**  
For **Loss** resulting directly from the misuse of **Subscriber's** information as a result of a data compromise of information from a financial institution, a credit reporting agency, a credit granter or a securities firm that results in monies stolen from the **Subscriber's** accounts or misuse of data to obtain property, credit or monies using the **Subscriber's** information.

- E. **Stolen Identity Event**  
For **Loss** resulting from a **Stolen Identity Event**.

#### Unauthorized Electronic Fund Transfer Reimbursement

If a limit for Unauthorized Electronic Funds Transfer Reimbursement is listed on the Declarations Page, we will reimburse the **Subscriber** for a **Stolen Funds Loss** incurred by the **Subscriber**, less any deductibles set forth on the Declarations Page, as the direct result of an **Unauthorized Electronic Fund Transfer**.

## DEFINITIONS

We, Us, and Our means Interstate Fire & Casualty Company.

**Access Device** means a card (including credit, debit and ATM cards), code, PIN, password, personal check or other similar means of access to the **Subscriber's** account at a financial institution for the purpose of withdrawing or transferring funds, making purchases, or making long distance or cellular/digital (wireless) telephone calls.

**Date of Discovery** occurs when the **Subscriber** first becomes aware of facts which would cause a reasonable person to assume that a **Loss** covered by this insurance has been or will be incurred, even though the exact amount or details of **Loss** may not then be known. Discovery also occurs when the **Subscriber** receives notice of an actual or potential claim against the **Subscriber** involving **Loss** covered under this insurance.

**Expenses** mean:

1. Costs incurred by the **Subscriber** for re-filing applications for loans, grants, or other credit that are rejected solely because the lender received from any source incorrect information as a result of the **Identity Fraud**;
2. Costs for notarizing affidavits or other similar documents, long distance telephone calls, travel and postage reasonably incurred as a result of the **Subscriber's** efforts to report an **Identity Fraud** or amend or rectify records as to the **Subscriber's** true name or identity as a result of an **Identity Fraud**;
3. Costs for contesting the accuracy or completeness of any information contained in a credit report following an **Identity Fraud**;
4. Payment for reasonable expenses incurred that were a result of recovery from an **Identity Fraud** such as; credit freeze, credit thaw costs, transcript costs, appeal bond, court filing fees, expert witness or courier fees;
5. Actual lost base wages that would have been earned, for time reasonably and necessarily taken off work solely as a result

of efforts to amend or rectify records as to the **Subscriber's** identity as a result of an **Identity Fraud**. Actual lost wages includes remuneration for vacation days, discretionary days, floating holidays, and paid personal days but not for sick days or any cost arising from time taken from self-employment. Coverage is limited to base wages within 12 months after discovery of an **Identity Fraud**.

6. Child or elderly care costs that would have otherwise not been incurred, resulting from time reasonably and necessarily taken away from providing such care as a result of efforts to amend or rectify records as to the **Subscriber's** identity as a result of an **Identity Fraud**.

**Family Member** means the spouse, parent, siblings, children, relations by marriage and/or any other member of, or persons residing in the **Subscriber's** household.

**Forgery** means the signing of the name of another person or organization as the maker, drawer, issuer or endorser of a check, draft, promissory note, letter of credit, withdrawal order or other written unconditional promise or order to pay on demand a sum certain, without the authorization of that person or organization and with the intent to deceive. **Forgery** does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

**Fraud or Embezzlement** means:

1. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by the **Subscriber**, but which was in fact fraudulently transmitted by someone else without the **Subscriber's** knowledge or consent; or
2. A written instruction issued by the **Subscriber**, which was altered by someone other than the **Subscriber**, or purported to be issued by the **Subscriber** but was forged or fraudulently issued without the **Subscriber's** knowledge or consent; or
3. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by the **Subscriber** which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by

someone else without the **Subscriber's** or the employee's knowledge or consent

**Identity Fraud** means the act of knowingly transferring or using, without lawful authority, a means of identification of the **Subscriber** with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal, State or local law.

**Loss** means the expenses and **Legal Costs** incurred by the **Subscriber**.

**Legal Costs** means the costs for reasonable fees for an attorney with either prior approval by us or costs, up to \$125 per hour, for an attorney selected by the **Subscriber** and related court fees, incurred by the **Subscriber**, for:

1. Defense of any legal action brought against the **Subscriber** by a merchant, creditor or collection agency or entity acting on their behalf for non-payment of goods or services or default on a loan as a result of the **Identity Fraud**;
2. Defense of or the removal of any criminal or civil judgments wrongly entered against the **Subscriber** as a result of **Identity Fraud**; and
3. Challenging the accuracy or completeness of any information in a consumer credit report.

**Occurrence Date** means the earliest possible **Date of Discovery** of an incident of an actual or attempted fraudulent, dishonest or criminal act or series of related acts, whether committed by one or more persons.

**Policyholder** means the entity identified on the Declarations Page of this Policy.

**Program** means the offerings provided and issued by the **Policyholder** or **Policyholder's** customer to the **Subscribers**.

**Proof of Loss** means receipts for reasonable out of pocket expenses.

**Stolen Funds Loss** means the monetary **Loss** arising out of an unauthorized electronic transfer of funds, exclusive of interest and fees, incurred by the **Subscriber**. It does not include

1. any amount of which the **Subscriber** did not seek, or receive, reimbursement from the financial institution which issued the **Access Device** and holds

the account from which funds were stolen, or

2. any amount for which the **Subscriber** received reimbursement from any source.

**Stolen Identity Event** means the theft, unauthorized, or illegal use of the **Subscriber's** credentials, passwords, credit or debit cards, bank accounts, name, address, social security number, driver's license number, medical identification number, or other method of identifying the **Subscriber**.

**Subscriber** means the natural person on record with the Policyholder as an eligible participant in a **Program** of the Policyholder, and includes all eligible **Family Members**.

**Unauthorized Electronic Funds Transfer** means: Any transfer of funds that are initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an **Subscriber's** account. **Unauthorized Electronic Fund Transfer** includes, but is not limited to, (i) point-of-sale transfers; (ii) automated teller machine transfers; (iii) direct deposits or withdrawals of funds; (iv) transfers initiated by phone; (v) transfers resulting from debit card transactions, whether or not initiated through an electronic terminal.

## EXCLUSIONS

This policy does not cover:

- a. **Loss** due to any fraudulent, dishonest or criminal act by the **Subscriber** or any person acting in concert with the **Subscriber**, or immediate **Family Member**, whether acting alone or in collusion with others;
- b. **Loss** resulting directly or indirectly from any errors or omissions occurring in the following actions:
  1. the input of data to any computer system; or
  2. the processing of data by any computer system; or
  3. the manual or electronic processing of any output produced by any computer system;
- c. **Loss** resulting directly or indirectly from

the voluntary entrusting by the **Subscriber** of any **Access Device**, in whole or in part, to any person or entity;

- d. **Loss** resulting from any unintentional clerical error in the transfer from or debit of any account of the **Subscriber** which is initiated by a financial institution, or any employee(s) thereof. However, this exclusion shall not apply to a fraudulent act of an employee(s) of a financial institution where said employee(s) is acting without the permission or instruction of their employer;
- e. **Loss** in connection with any pre-authorized transfer from any account, or to any other account of the **Subscriber**;
- f. indirect or consequential **Loss** of any nature;
- g. **Loss** of potential income not realized by the **Subscriber**;
- h. **Loss** other than expenses except under **Stolen Funds Loss** coverage;
- i. **Loss** arising out of business pursuits of the **Subscriber**;
- j. loss of valuable papers, valuable documents, jewelry, silverware and other personal property including the philatelic value of stamps and the numismatic value of coins not in circulation;
- k. property damage, bodily injury or personal injury;
- l. losses incurred from financial performance of any investment of financial product;
- m. loss from games of chance;
- n. as to Coverage, under Identity Fraud - Expense Reimbursement, items A - E, the recovery of actual financial losses of any kind from acts of **Fraud** or **Identity Theft**;
- o. any **Loss**, claims or damages that are not covered under the terms and provisions of this Policy;

- p. for legal fees in excess of \$125 per hour unless preapproved by us;
- q. any **Loss** which occurred while the **Subscriber** was not part of the **Program**.

## CONDITIONS

1. Limits of Insurance - Our maximum limit of liability for **Loss** under this Policy shall not exceed the applicable limit stated on the Declarations Page.

All **Loss** incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts, whether committed by one or more persons, shall be deemed to arise out of one occurrence.

Our total aggregate limit of liability shown on the Declarations Page will be the maximum amount we will pay for all covered **Losses** per **Subscriber** regardless of the number of **Losses** that occur for any one **Subscriber** during the term of the **Program**.

2. **Loss** Payment  
We will pay any **Loss** covered under this Policy within thirty (30) days after:
  - a. We reach agreement with the **Subscriber**; or
  - b. We receive acceptable **Proof of Loss**, or
  - c. The entry of final judgment.
3. Notice of Claim must be given to us by the **Subscriber**:
  - a. in writing; and
  - b. within a reasonable time period after the **Date of Discovery**.
4. Duties When **Loss** Occurs – Upon knowledge or discovery of **Loss** which may give rise to a claim under the terms of this Policy, the insured is responsible for notifying the **Subscriber** of the following requirements:
  - a. Give notice as soon as practicable to:
    - (1) the appropriate authority and affected institutions, if applicable; and
    - (2) us or any of our authorized agents;

If the **Loss** involves a violation of law, the **Subscriber** shall also notify the police. The **Subscriber** must submit a copy of the police report when filing a claim;

- b. Filed detailed **Proof of Loss** with us as soon as practicable, but no later than ninety (90) days after agreement is reached with the **Subscriber**
- c. Upon our request, submit to examination by us, and subscribe the same, under oath if required;
- d. Upon our request, cooperate to help us enforce legal rights against anyone who may be liable to the **Subscriber** to include giving evidence and attending depositions, hearing and trials;
- e. Produce for our examination all pertinent records;
- f. Cooperate with us in all matters pertaining to **Loss** or claims;
- g. For **Stolen Funds Loss** reimbursement, the **Subscriber** must authorize the financial institution to provide certified documentation directly to us, signed by an authorized financial institution representative. This documentation must indicate that funds were fraudulently removed, the amount of the **Loss**, the type of the **Loss** suffered, and confirmation that funds are non-recoverable from the financial institution; and

all at such reasonable times and places as we shall designate.

The **Subscriber** shall keep books, receipts, bills and other records in such manner that we can accurately determine the amount of any **Loss**.

- 5. **Transfer of Rights of Recovery Against Others to us** - If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing to impair them.

- 6. **Assignment** - This Policy may not be assigned to another person without our written consent. We will have no liability under this Policy in the case of assignment without such written consent.

- 7. **Other Insurance** - This insurance is excess of any other valid and collectible insurance or reimbursement available to the **Subscriber**.

- 8. **Action Against Us** - No action may be brought against us unless there has been full compliance with all of the terms and conditions of this Policy and suit is filed within twenty-four (24) months from the date of **Occurrence**. No one will have the right to join us as a party to any against the **Policyholder** or **Subscriber**.

- 9. **Cancellation of Policy** - This Policy may be cancelled by the **Policyholder** for any reason upon thirty (30) days written notice to us.

If we cancel, the return premium will be computed pro rata. If the **Policyholder** requests cancellation, the return premium will be computed pro rata.

We may cancel this Policy by mailing to the **Policyholder**, at the mailing address shown in the policy, written notice at least sixty (60) days, or thirty (30) days based upon non-payment of premium, before the date cancellation takes effect. The written notice will state the reason for cancellation.

When this Policy has been in effect for sixty (60) days or more, we may cancel for one or more of the following reasons:

- a. nonpayment of premium;
- b. conviction of a crime arising out of acts increasing the hazard insured against;
- c. discovery of fraud or material misrepresentation in the obtaining of the Policy or in the presentation of a claim number
- d. fraud;
- e. failure to comply with loss control recommendations;

Upon cancellation claim (s) for coverages under this Policy that have a proven **Occurrence Date** during the Policy coverage dates will be covered, should the claim be filed within ninety (90) days post cancellation and within sixty (60) days from **Date of Discovery**.

We may elect not to renew this Policy. We may do so by delivering to the **Policyholder** at their address shown in the Declarations, written notice at least sixty (60) days before the anniversary date of this Policy which is written for an indefinite term. The written notice will state the reason for Nonrenewal. Proof of mailing will be sufficient proof of notice.

All coverage under this policy will terminate at the same time as the Policy.

All notices of cancellation and nonrenewal will contain the specific reason for cancelation and nonrenewal.

- 10. Concealment or Misrepresentation - This Policy is void as to any **Subscriber** if, at any time, said **Subscriber** has:
  - a. intentionally concealed or misrepresented a material fact or circumstance;
  - b. engaged in fraudulent conduct; or
  - c. made false statements; relating to this Policy.

We shall not be liable to any **Subscriber** for **Loss** suffered as a result of action or inaction by the **Policyholder**, including such action or inaction as may result in avoidance of coverage.

- 11. Choice of Law — Any dispute arising under the policy, or with respect to the

application of or interpretation of this policy, shall be governed by the laws of the state of Texas.

- 12. Appraisal — In the case the **Subscriber** and we shall fail to agree as to the actual cash value or the amount of **Loss**, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then on request the **Subscriber** or us, such umpire shall be selected by a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the **Loss**, stating separately actual cash value and **Loss** to each item; and failing to agree, such submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with us shall determine the amount of actual cash value and **Loss**. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

- 13. Currency – All premiums, limits, retentions, **Loss** and other amounts under this policy are expressed and payable in the currency of the United States of America. If **Losses** are stated or incurred in a currency other than United States of America dollars, payment of covered **Loss** due under this policy will be made either in such other currency or, in United States of America dollars, at the rate of exchange published in The Wall Street Journal on the date the Insurer's obligation to pay such **Loss** is established (or if not published on such date the next publication date of The Wall Street Journal).

WITNESS WHEREOF, we have caused this Policy to be signed by its authorized Company officers and countersigned (where required by law) on the Declarations Page by a duly authorized representative.



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Hugh E. Burgess  
President, Interstate Fire and Casualty Company