



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No.

Effective Date of this Endorsement:

Policy No.

FRAUDULENT ESCROW FUNDS TRANSFER COVERAGE

This endorsement modifies insurance provided under the following:

MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE POLICY

<p>SCHEDULE</p> <p>Escrow Funds Transfer Coverage</p> <p>Limit of Liability for this Endorsement: \$_____ Coverage Period Aggregate Limit</p> <p>Deductible Amount: \$_____ Each Claim</p> <p>Additional Premium for this Endorsement: \$_____</p>

A. FRAUDULENT ESCROW FUNDS TRANSFER COVERAGE INSURING AGREEMENT

Subject to the **Coverage Period** Aggregate Limit shown in the Schedule, the Company shall pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages** resulting from any **Claim** first made against the **Insured** during the **Coverage Period** and first reported to the Company during the **Coverage Period** or during any applicable Extended Reporting Period, arising from a **Fraudulent Escrow Funds Transfer Wrongful Act(s)** committed by the **Insured**, provided that the **Fraudulent Escrow Funds Transfer Wrongful Act(s)** occurs during the **Coverage Period**.

As a condition precedent to the Company providing such coverage, for any disbursement or transfer of \$5,000 or more, the **Insured**, prior to the actual disbursing or transferring of any escrow funds, must confirm the legitimacy of the source(s) of the original wire transfer or check request and, if applicable, any subsequent change instructions to the original request by:

1. Speaking directly by an answered outbound telephone call with the party requesting the escrow funds wire transfer or check and verifying transaction details. The outbound telephone number must be confirmed by an independent source, such as the Internet or trusted independent third party; and
2. Documenting in writing a summary of each conversation, the method used to obtain the telephone number and funds transfer information obtained and confirmed. All documentation must be maintained by the **Insured**.

No coverage will be provided by this Policy unless there is full compliance with paragraphs 1. and 2. above and the **Insured** has also fully complied with the **Named Insured's** other business procedural requirements in disbursing or transferring escrow funds and in reporting suspicious activity.

B. FRAUDULENT ESCROW FUNDS TRANSFER COVERAGE EXCLUSION

1. The following exclusion is added to the Policy and applies in addition to the exclusions stated in **SECTION III. – EXCLUSIONS** of the **Miscellaneous Professional Liability Insurance Policy**:

This Policy does not apply to any **Claim**:

Based on or directly or indirectly arising from the disbursing or transferring of escrow funds from an account of the **Insured** or controlled by the **Insured** as a result of **Fraudulent Instructions** received from any individual or entity except as expressly provided for in the **Fraudulent Escrow Funds Transfer Coverage** attached to this Policy.

C. FRAUDULENT ESCROW FUNDS TRANSFER COVERAGE LIMITS OF LIABILITY

With respect to the fraudulent escrow funds transfer coverage provided by this Endorsement, the total liability of the Company shall not exceed the **Coverage Period** Aggregate Limit shown in the Schedule for all **Damages** arising out of all covered **Claims** first made against the **Insureds** during the **Coverage Period** and first reported to the Company during the **Coverage Period** or during any applicable Extended Reporting Period. **Claim Expenses** are included within and reduce the **Coverage Period** Aggregate Limit. The **Coverage Period** Aggregate Limit is part of and not in addition to the Limit of Liability in the Aggregate as stated in Item 4. B. of the **DECLARATIONS PAGE**.

The Deductible amount shown in the Schedule of this Endorsement shall be paid by the **Named Insured** and shall be applicable to each covered escrow funds transfer **Claim** under this Endorsement and shall include all **Damages** and **Claim Expenses**, whether or not **Damages** payments are made. Such amounts shall be paid by the **Named Insured** within ten (10) days after written demand is made by the Company to the **Named Insured** for payment.

D. FRAUDULENT ESCROW FUNDS TRANSFER COVERAGE DEFINITIONS

1. The following definitions apply to the coverage provided by this Endorsement and are in addition to the definitions stated in **SECTION II. – DEFINITIONS** of the **Miscellaneous Professional Liability Insurance Policy**:
 - a. **Coverage Period** means the period from 12:01 A.M. on the inception date of this Endorsement, at the address of the first **Named Insured**, to 12:01 A.M. on the Policy expiration date, stated in Item 1. of the **DECLARATIONS PAGE**, or an earlier cancellation or termination date of this Endorsement or Policy, if any.
 - b. **Fraudulent Instructions** means written or verbal communication received from an individual(s) or entity(ies) falsely purporting to be a legitimate party to an escrow fund transaction and soliciting the disbursement or transfer of escrow funds held in an **Insured's** account or an account controlled by an **Insured** to them by providing fraudulent wire transfer or check request information and instructions in order to illegally acquire the escrow funds.
 - c. **Fraudulent Escrow Funds Transfer Wrongful Act(s)** means any act, error or omission or breach of duty committed by an **Insured** in disbursing or transferring escrow funds by wire transfer or check from an **Insured's** account or an account controlled by an **Insured** due to receipt of **Fraudulent Instructions**. The **Insured** must have acted in good faith and reliance on the **Fraudulent Instructions** when disbursing or transferring the escrow funds.
2. Definition **X. Wrongful Act(s)** in **SECTION II. – DEFINITIONS** of the **Miscellaneous Professional Liability Insurance Policy** is replaced by the following:
 - X. "Wrongful Act(s)"** means any actual or alleged negligent act, error, omission or breach of duty, committed or allegedly committed by any **Insured** or person for whom the **Named Insured** is legally liable, solely in the performance of **Professional Services**. **Wrongful Act(s)** includes **Fraudulent Escrow Funds Transfer Wrongful Act(s)**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.