

# The Surety & Fidelity Association of America

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## MEMORANDUM

To: All Reporting Companies

From: Adam Male

Date: September 28, 2007

RE: Revised SFAA Fidelity and Surety Statistical Plan Pages  
Revised SFAA Actuarial Edit Definitions

The Surety & Fidelity Association of America (SFAA) is in the process of filing, in all states where required, a revised Financial Institution Bond, Standard Form 25, as well as corresponding Riders, Manual Rules and Loss Costs for use with the revised Form 25.

The general reasons for the revisions are to address fundamental changes in the insurance business in the past 20 years outdating some of the provisions included in the 1987 edition of the form, to address exposures presented by electronic transactions not readily compatible with the terms and conditions of the current Form 25 and to make the form consistent with Financial Institution Bond Form No. 24 which was revised in 2004.

The SFAA Full Level Statistical Plan has been revised to reflect updates to the fidelity Form Of Coverage codes. Revised pages of the Statistical Plan and Actuarial Edit Definitions that reflect the new form codes are attached and have been posted to the SFAA website at the following address:



# The Surety & Fidelity Association of America

On this webpage, please select “Distribution of 9/28/2007” for this memorandum and the following revised pages:

Pages FCS-9.2 through FCS-9.5 (Full Statistical Plan)  
Cover Page (Full Edit Definitions)  
Page: V2.1-9 (Full Edit Definitions)  
Appendix D (V900 revised) 1-1-2008 (Full Edit Definitions)

Additions to the Statistical Plan pages are denoted by a (\$) in the margin and deleted form codes have a line going through them.

These changes are mandatory for all surety premium and loss records with rating dates of January 2008 and subsequent.

We have updated the SFAA Manual of Rules, Procedures, and Classifications to reflect these code changes. Revisions to the Manual are available to members through the “Member Access” section of the SFAA website under “Regulatory Filings”.

Please contact Adam Male at [amale@surety.org](mailto:amale@surety.org) or 202-778-3632 if you have any questions about this material. Companies that are unable to access the internet may contact Adam Male to request hard copies of the revised Statistical Plan pages and Edit Definitions.



**FORM OF COVERAGE CODE (CON'T)**

**3. FINANCIAL INSTITUTIONS**

**A. COMMERCIAL BANKS**

**FORM OF COVERAGE** **FORM CODE**

FORM 24 FOR COMMERCIAL BANKS

Basic Bond Coverage .....	60
Insuring Agreement D – Forgery or Alteration .....	71
Insuring Agreement E – Securities .....	84
Insuring Agreement E – Securities excluding Loan Participation Coverage .....	83
Computer Systems Fraud Insuring Agreement.....	30
Extortion – Threats to Persons Insuring Agreement.....	40
Extortion – Threats to Property Insuring Agreement .....	41
Fraudulent Real Property Mortgages Insuring Agreement .....	64
Issuers of Register Checks or Personal Money Orders Coverage.....	60
Servicing Contractors Insuring Agreement .....	60
<del>Telefacsimile Transfer Fraud Insuring Agreement.....</del>	<del>22</del>
Trading Loss Coverage .....	62
<del>Voice Initiated Transfer Fraud Insuring Agreement.....</del>	<del>20</del>
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

FORM 28 FOR COMMERCIAL BANKS

When issued in excess over a deductible amount of not less than:	
100% of the Underlying Amount for the Appropriate Asset Group .....	17
150% of the Underlying Amount for the Appropriate Asset Group .....	18
200% of the Underlying Amount for the Appropriate Asset Group .....	19

**B. FEDERAL INSTITUTIONS**

FORM 24 FOR FEDERAL INSTITUTIONS

Federal Reserve Banks, Federal Deposit Insurance Corporation and Joint Stock Land Banks – Use the Form of Coverage Codes applicable to Form 24 for Commercial Banks .....	XX
Federal Home Loan Banks – Use the Form of Coverage Codes applicable to Form 24 for Savings and Loan Associations .....	XX

**C. SAVINGS BANKS**

FORM 24 FOR SAVINGS BANKS

Basic Bond Coverage .....	50
Insuring Agreement D – Forgery or Alteration .....	71
Insuring Agreement D – Forgery or Alteration including Checking Accounts Coverage .....	72
Insuring Agreement E – Securities .....	84
Insuring Agreement E – Securities excluding Loan Participation Coverage .....	83
Computer Systems Fraud Insuring Agreement.....	30
Extortion – Threats to Persons Insuring Agreement.....	40
Extortion – Threats to Property Insuring Agreement .....	41
Fraudulent Real Property Mortgages Insuring Agreement .....	54
Servicing Contractors Insuring Agreement .....	50
<del>Telefacsimile Transfer Fraud Insuring Agreement.....</del>	<del>22</del>
<del>Voice Initiated Transfer Fraud Insuring Agreement.....</del>	<del>20</del>
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**FORM OF COVERAGE CODE (CON'T)**

**3. FINANCIAL INSTITUTIONS (CON'T)**

**D. SAVINGS AND LOAN ASSOCIATIONS**

<b>FORM OF COVERAGE</b>	<b>FORM CODE</b>
<b>FORM 24 FOR SAVINGS AND LOAN ASSOCIATIONS</b>	
Basic Bond Coverage .....	50
Insuring Agreement D – Forgery or Alteration .....	71
Insuring Agreement D – Forgery or Alteration including Checking Accounts Coverage .....	72
Insuring Agreement E – Securities .....	83
Audit Expense Coverage .....	53
Computer Systems Fraud Insuring Agreement.....	30
Extortion – Threats to Persons Insuring Agreement.....	40
Extortion – Threats to Property Insuring Agreement .....	41
Fraudulent Real Property Mortgages Insuring Agreement .....	54
Servicing Contractors Insuring Agreement .....	50
<del>Telefacsimile Transfer Fraud Insuring Agreement.....</del>	<del>22</del>
<del>Voice Initiated Transfer Fraud Insuring Agreement.....</del>	<del>20</del>
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**E. STOCKBROKERS AND INVESTMENT BANKERS**

<b>FORM 14 FOR STOCKBROKERS AND INVESTMENT BANKERS</b>	
Basic Bond Coverage .....	60
Insuring Agreement D – Forgery or Alteration .....	62
Insuring Agreement E – Securities .....	63
Coverage on Partners .....	10
Computer Systems Fraud Insuring Agreement.....	30
Extortion – Threats to Persons Insuring Agreement.....	40
Extortion – Threats to Property Insuring Agreement .....	41
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**F. FINANCE COMPANIES**

<b>FORM 15 FOR FINANCE COMPANIES</b>	
Basic Bond Coverage .....	50
Insuring Agreement D – Forgery or Alteration .....	52
Insuring Agreement E – Securities .....	53
Computer Systems Fraud Insuring Agreement.....	30
Extortion – Threats to Persons Insuring Agreement.....	40
Extortion – Threats to Property Insuring Agreement .....	41
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**G. SMALL LOAN COMPANIES**

<b>FORM 15 FOR SMALL LOAN COMPANIES</b>	
Basic Bond Coverage .....	80
Insuring Agreement D – Forgery or Alteration .....	83
Insuring Agreement E – Securities .....	85
Computer Systems Fraud Insuring Agreement.....	37
Extortion – Threats to Persons Insuring Agreement.....	84
Extortion – Threats to Property Insuring Agreement .....	74
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**FORM OF COVERAGE CODE (CON'T)**

**3. FINANCIAL INSTITUTIONS (CON'T)**

**H. CREDIT UNIONS**

<b>FORM OF COVERAGE</b>	<b>FORM CODE</b>
<b>FORM 23 FOR CREDIT UNIONS</b>	
Basic Bond Coverage .....	60
Basic Bond Coverage with Faithful Performance of Duty Coverage .....	61
Computer Systems Fraud Insuring Clause .....	30
Extortion – Threats to Persons Insuring Clause.....	40
Extortion – Threats to Property Insuring Clause .....	41
Insuring Agreement D – Forgery or Alteration .....	63
Misplacement Coverage .....	62
Telefacsimile Transfer Fraud Insuring Clause.....	22
Voice Initiated Transfer Fraud Insuring Clause .....	20
<b>NCUA FORMS FOR CREDIT UNIONS</b>	
100% Assets Coverage (\$1,000,000 maximum) .....	75
100% Assets Coverage (\$2,000,000 maximum) .....	76
100% Assets Coverage (\$3,000,000 maximum) .....	77
100% Assets Coverage (maximum greater than \$3,000,000).....	78
Other, including Audit Expense Increased Limits Premium .....	74

**I. INSURANCE COMPANIES OTHER THAN LIFE INSURANCE COMPANIES**

<b>FORM 25 FOR INSURANCE COMPANIES OTHER THAN LIFE</b>	
<b>INSURANCE COMPANIES</b>	
Basic Bond Coverage .....	60
Insuring Agreement D – Forgery or Alteration .....	61
Insuring Agreement E – Securities .....	62
\$ Agents Fidelity Insuring Agreement.....	64
Computer Systems Fraud Insuring Agreement.....	37
Extortion – Threats to Persons Insuring Agreement.....	84
Extortion – Threats to Property Insuring Agreement .....	81
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**J. LIFE INSURANCE COMPANIES**

<b>FORM 25 FOR LIFE INSURANCE COMPANIES</b>	
Basic Bond Coverage .....	70
Insuring Agreement D – Forgery or Alteration .....	71
Insuring Agreement E – Securities .....	72
Agents Fidelity Insuring Agreement .....	74
Computer Systems Fraud Insuring Agreement.....	37
Extortion – Threats to Persons Insuring Agreement.....	84
Extortion – Threats to Property Insuring Agreement .....	81
\$ Fraudulent Transfer Instructions Insuring Agreement.....	26

**K. INDIVIDUAL OR SCHEDULE FIDELITY BONDS**

<b>INDIVIDUAL OR SCHEDULE FIDELITY BONDS</b>	
All Employees – Honesty .....	01
All Employees – Faithful Performance .....	06

**FORM OF COVERAGE CODE (CON'T)**

**3. FINANCIAL INSTITUTIONS (CON'T)**

**L. COMBINATION SAFE DEPOSITORY POLICY**

<b>FORM OF COVERAGE</b>	<b>FORM CODE</b>
COMBINATION SAFE DEPOSITORY POLICY	
Insuring Agreement A – Liability of Depository.....	10
Insuring Agreement B – Loss of Customers’ Property; Premises Damage .....	11

**M. COMPUTER CRIME POLICY**

COMPUTER CRIME POLICY	
Computer Systems Fraud Insuring Agreement.....	30
Data Processing Service Operations Insuring Agreement .....	21
Voice Initiated Transfer Fraud Insuring Agreement.....	20
Telefacsimile Transfer Fraud Insuring Agreement.....	22
Destruction of Data or Programs By Hacker Insuring Agreement .....	23
Destruction of Data or Programs By Virus Insuring Agreement.....	24
Voice Computer Systems Fraud Insuring Agreement .....	25

**FIDELITY AND SURETY STATISTICAL PLAN**

**ACTUARIAL EDIT DEFINITIONS**

**(FULL PLAN)**

EFFECTIVE JANUARY 1, 1995

Revised:

April 1, 1997  
January 1, 1998  
January 1, 2000  
January 1, 2001  
January 1, 2002  
January 1, 2004  
January 1, 2005  
January 1, 2008

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FIDELITY & SURETY STATISTICAL PLAN  
ACTUARIAL EDIT DEFINITIONS

EDIT: FORM OF COVERAGE CODE and CLASS OF INSURED CODE

PROCEDURE:

- 1) Do not perform this edit if error code V132 (CLASS OF INSURED CODE) is present.
- 2) Error Constraint(s):
  - a) If the RATING DATE YEAR is 80-94 use Reference External Table V900. For valid FORM OF COVERAGE CODES see APPENDIX A (V900). (V135)
  - b) If the RATING DATE YEAR is 95-00 use Reference External Table V900. For valid FORM OF COVERAGE CODES see APPENDIX B (V900 Revised). (V135)
  - c) If the RATING DATE YEAR is 01-07 use Reference External Table V900. If the CLASS OF INSURED CODE is 72X – 79X, 815, 851 – 854 or 871, then for valid FORM OF COVERAGE CODES see APPENDIX B (V900 Revised). (V135)
  - d) If the RATING DATE YEAR is 01-39, and if the CLASS OF INSURED CODE is not listed in c) above, then for valid FORM OF COVERAGE CODES see APPENDIX C (V900 Revised). (V135)
  - e) If the RATING DATE YEAR is 08-39 and CLASS OF INSURED CODE is 72X – 79X, 815, 851-854 or 871, then for valid FORM OF COVERAGE CODES see APPENDIX D (V900 Revised). (V135)

**V2.1-10 THROUGH V2.1-16 HAVE BEEN INTENTIONALLY OMITTED**



**APPENDIX D (V900 Revised)**

VERSION: 010  
 SAA RELEASE DATE: 1-1-08  
 ERROR CODE: V135

PAGE: B-8  
 SEVERITY CLASS: 6

FIDELITY & SURETY STATISTICAL PLAN  
 ACTUARIAL EDIT DEFINITIONS

EDIT: CLASS OF INSURED CODE and FORM OF COVERAGE CODE (continued)

PROCEDURE:

<u>If the CLASS OF INSURED CODE is:</u>	<u>then valid FORM OF COVERAGE CODES are:</u>
720	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
721	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
722	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
723	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
724	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
725	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
726	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
727	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
728	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
729	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
730	20- <b>26</b> , 30, 40, 41, 50, 54, 71, 72, 83, 84
762	20- <b>26</b> , 30, 40, 41, 50, 53, 54, 71, 72, 83
770	10, 20- <b>26</b> , 30, 40, 41, 60, 62, 63
771	10, 20- <b>26</b> , 30, 40, 41, 60, 62, 63
772	10, 20- <b>26</b> , 30, 40, 41, 50, 52, 53, 60, 62, 63
773	10, 20- <b>26</b> , 30, 40, 41, 60, 62, 63
774	20- <b>26</b> , 30, 40, 41, 50, 52, 53
775	20- <b>26</b> , 30, 40, 41, 50, 52, 53,
780	20- <b>26</b> , 30, 40, 41, 60-63, 74-78
782	<b>26</b> , 50, 60
783	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84

**APPENDIX D (V900 Revised)**

VERSION: 010  
SAA RELEASE DATE: 1-1-08  
ERROR CODE: V135

PAGE: B-9  
SEVERITY CLASS: 6

FIDELITY & SURETY STATISTICAL PLAN  
ACTUARIAL EDIT DEFINITIONS

EDIT: CLASS OF INSURED CODE and FORM OF COVERAGE CODE (continued)

PROCEDURE:

<u>If the CLASS OF INSURED CODE is:</u>	<u>then valid FORM OF COVERAGE CODES are:</u>
784	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
790	10, 11, <b>26</b>
793	<b>26</b> , 50
794	17-19, 20- <b>26</b> , 30, 40, 41, 60, 62, 64, 71, 83, 84
795	01, 06, <b>26</b> , 50
815	20- <b>26</b> , 37, 74, 80, 83-85
851	20- <b>26</b> , 37, 70-72, 74, 81, 84
852	20- <b>26</b> , 37, 70-72, 74, 81, 84
853	20- <b>26</b> , 37, 60-62, <b>64</b> , 81, 84
854	20- <b>26</b> , 37, 60-62, <b>64</b> , 81, 84
871	20- <b>26</b> , 37, 60-62, <b>64</b> , 81, 84