

# PENSION AND WELFARE FUND FIDUCIARY DISHONESTY POLICY

***Pension and Welfare  
Fund Fiduciary  
Dishonesty Policy***

In consideration of payment of the required premium and subject to all of the terms and provisions of this policy, the Company agrees with the Insured to pay the Insured for losses any Insured shall sustain or discover it has sustained during the policy period in the manner set forth below.

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***Insuring Clause***

The Company agrees to pay and make good to the Insured all such losses as any such Insured may during the policy period sustain or discover it has sustained of money, securities and other property through any fraudulent or dishonest act or acts (including larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion or willful misapplication) committed by any Employee or Employees, acting alone or in collusion with others.

“Employee” or “Employees” means, respectively, any one or more of the natural persons while in the service of any Employee Benefit Plan (included as Insured herein) as fiduciary, trustee, administrator, officer or employee and any other natural person required to be bonded by Title 1 of the Employee Retirement Income Security Act of 1974 and also includes any ex-Employee during a period not exceeding thirty (30) days following the termination of such service.

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***General Agreements  
Non-Accumulation of  
Liability***

Regardless of the number of years this policy shall continue in force, and the number of premiums which shall be payable or paid or any other circumstances whatsoever, the liability of the Company under this policy with respect to any loss or losses shall not be cumulative from year to year or from period to period.

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***Limitation of Coverage***

This policy does not cover any loss caused by any Employee who, to the best knowledge of any administrator or officer of the Insured (not in collusion with such Employee), has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of such service or upon whom, prior to the issuance hereof, coverage under any fidelity bond or insurance in favor of the Insured or any predecessor in interest of the Insured shall have been cancelled by specific written notice by the insurer issuing such fidelity bond or insurance and not subsequently reinstated under the same or some superseding fidelity bond or insurance.

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***Discovery Period***

This policy does not cover any loss not discovered within twelve (12) calendar months following the termination of this policy as an entirety or any loss sustained by any Plan not discovered within twelve (12) calendar months following the termination of this policy as to such Plan.

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***Joint Insured***

The total liability of the Company for loss or losses sustained by any or all Plans included herein shall not exceed the amount of coverage specified herein and the Company shall not be liable for loss sustained by one Plan to the advantage of any other Plan. Only the Principal Insured shall have any right to make, adjust, receive and enforce payment of any and all claims hereunder and shall be deemed to be the sole agent of all Plans for such purposes and for the giving or receiving of any notice required or permitted to be given by the terms hereof and for the purpose of affecting or accepting any amendments to or termination of this policy.

# PENSION AND WELFARE FUND FIDUCIARY DISHONESTY POLICY

## **Joint Insured**

*(continued)*

Each and every Plan shall be conclusively deemed to have consented and agreed that none of them shall have any direct beneficiary interest herein or any right of action hereunder whatsoever and that this policy or any right of action hereon shall not be assignable; but knowledge possessed or discovery made by any officer of any Insured shall constitute knowledge possessed or discovery made by all Insureds for the purposes of this policy. All losses and other payments, if any, payable by the Company hereunder shall be payable to the Principal Insured without regard to its obligations to others and the Company shall not be responsible for the proper application of any payment made hereunder to the Principal Insured.

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## **Payover**

In compliance with Title 1 of the Employee Retirement Income Security Act of 1974, payment by the Company under this policy to the Principal Insured shall be held by such Insured for the use and benefit of any Employee Benefit Plan(s) sustaining a loss. If such payment is in excess of the amount of coverage required by such Act for said Plan(s), such excess shall be held for the use and benefit of any other named Plan(s) should such Plan(s) also discover loss recoverable hereunder. If Money, Securities and other property of two or more Employee Benefit Plans is commingled, recovery hereunder for loss of such Money, Securities and other property shall be shared by such Plans on a pro rata basis in accordance with the amount of coverage each such Plan is required to carry by such Act.

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## **Liability for Prior Losses**

The liability of the Company for loss sustained prior to (1) the effective date of this policy or (2) the effective date additional Insureds are subsequently added, is subject to the following additional conditions and limitations:

- (1) the Insured or some predecessor in interest of the Insured carried some other fidelity bond or insurance which, at the time such loss was sustained, afforded on the person or persons causing such loss some or all of the coverage of this policy; and
- (2) such prior coverage and the right of claim for such loss thereunder continued under the same or some superseding fidelity bond or insurance without interruption from the time such loss was sustained until the date specified above; and
- (3) such loss shall have been discovered after the expiration of the time for discovery of such loss under the last such fidelity bond or insurance; and
- (4) the liability of the Company hereunder with respect to such loss shall not exceed the amount of such prior coverage in force at the time such loss was sustained, or the amount of coverage under this policy, whichever is smaller.

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## **Total Liability**

The payment of any loss under this policy shall not reduce the liability of the Company for other losses whenever sustained; provided, however, that the total liability of the Company for any loss or losses caused by any Employee or in which such Employee is concerned or implicated, is limited to the amount of coverage specified herein.

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THE PRECEDING INSURING CLAUSE AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

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<b><i>Ownership</i></b>	The money, securities and other property covered under this policy may be owned by any Plan or as respects which any Plan is legally liable, or held by it in any capacity, whether or not such Plan is liable for the loss thereof.
<b><i>Notice of Loss - Proof - Legal Proceedings</i></b>	At the earliest practicable moment after discovery of any loss hereunder the Insured shall give the Company written notice thereof and shall also within four (4) months after such discovery furnish to the Company affirmative proof of loss with full particulars. Legal proceedings for recovery of any loss hereunder shall not be brought after the expiration of twenty-four (24) months from the discovery of such loss. If any limitation embodied in this paragraph is prohibited by any law controlling the construction thereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.
<b><i>Valuation</i></b>	The value of any securities, for the loss of which a claim shall be made hereunder, shall be determined by the average market value of such securities on the business day next preceding the discovery of such loss. If no market price is quoted for such securities the value shall be fixed by agreement between the parties or by arbitration.
<b><i>Recoveries</i></b>	If any loss covered by this policy exceeds the amount of coverage provided by this policy, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance or indemnity taken by or for the benefit of the Company) by whomsoever made, on account of such loss under this policy until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Company.
<b><i>Subrogation</i></b>	In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery against any person or organization, and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.
<b><i>Other Insurance</i></b>	If the Insured, or any other party at interest in any loss, has any other bond indemnity or insurance which in the absence of this policy would cover such loss in whole or in part, then this policy shall be null and void, and shall not cover, to the extent of the amount of such other bond, indemnity or insurance; but shall attach to and cover, subject to its conditions and limitations, only the amount of such loss in excess of the amount of such other bond, indemnity or insurance.
<b><i>Termination as to Any Employee</i></b>	This policy shall terminate as to any Employee (1) immediately upon discovery by any officer of the Insured (not in collusion with such Employee) of any fraudulent or dishonest act on the part of such Employee, without prejudice to the loss of any property then being conveyed by such Employee outside the Insured's premises or (2) twenty days after the receipt by the Principal Insured of a written notice of termination from the Company.

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**Termination of Policy**

This policy shall terminate as an entirety (1) thirty days after the receipt by the Principal Insured of a written notice of termination from the Company, (2) upon the receipt by the Company of a written notice of termination from the Principal Insured, (3) at such other time as may be agreed upon by the Company and the Principal Insured or (4) as to any Plan upon such Plan's liquidation or dissolution.

The Company shall refund the unearned premium computed at customary short rates if terminated by the Insured or pro rata if terminated by the Company. If, prior to the termination of this policy as an entirety, this policy is terminated as to any Plan included herein, there shall be no liability for any loss sustained by such Plan unless discovered within the applicable period specified in the Discovery Period clause of this policy, which period shall commence with the date of such termination.

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**Alteration**

No change in or modification of this policy shall be effective except when made by written endorsement signed by an authorized representative of the Company.