



In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

**I. INSURING CLAUSES**

**(A) Employee Theft Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Theft** or **Forgery** committed by an **Employee** acting alone or in collusion with others.

**(B) Premises Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from:

- (1) **Robbery; Safe Burglary;** or unlawful taking of **Money** or **Securities;** by a **Third Party;** or
- (2) actual destruction or disappearance of **Money** or **Securities;**

within or from the **Premises** or **Banking Premises.** Coverage under this Insuring Clause shall also include:

- (a) loss of or damage to **Property** by **Robbery** or attempted **Robbery** within the **Premises;**
- (b) loss of or damage to such **Property** contained within any safe which results from **Safe Burglary** or attempted **Safe Burglary** within the **Premises;**
- (c) damage to a locked safe, cash drawer, cash box or cash register within the **Premises** by felonious entry or attempted felonious entry or loss by felonious abstraction of such container from within the **Premises;** and
- (d) damage to the **Premises** resulting from **Safe Burglary** or **Robbery;**

committed by a **Third Party.**

**(C) In Transit Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from:

- (1) **Robbery;** or unlawful taking of **Money** or **Securities;** by a **Third Party;** or
- (2) actual destruction or disappearance of **Money** or **Securities;**

while **In Transit** or while temporarily within the home of an **Employee** or a partner of an **Insured Organization.** Coverage under this Insuring Clause shall also include:

- (a) damage to **Property** by **Robbery** while **In Transit;** and



- (b) loss by the unlawful taking of **Property** temporarily within the home of an **Employee** or a partner of an **Insured Organization**;

committed by a **Third Party**.

(D) **Forgery Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Forgery** or alteration of a **Financial Instrument** committed by a **Third Party**.

(E) **Computer Fraud Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Computer Fraud** committed by a **Third Party**.

(F) **Funds Transfer Fraud Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Funds Transfer Fraud** committed by a **Third Party**.

(G) **Money Orders And Counterfeit Currency Fraud Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Money Orders And Counterfeit Currency Fraud** committed by a **Third Party**.

(H) **Credit Card Fraud Coverage**

The **Company** shall pay the **Parent Corporation** for direct loss sustained by an **Insured** resulting from **Credit Card Fraud** committed by a **Third Party**.

(I) **Client Coverage**

The **Company** shall pay the **Parent Organization** for direct loss sustained by a **Client** resulting from **Theft** or **Forgery** committed by an **Employee** not in collusion with such **Client's** employees.

(J) **Expense Coverage**

If Expense Coverage is purchased, as set forth in Item 6 of the Declarations, the **Company** shall pay the **Parent Organization** for:

- (1) **Investigative Expenses** resulting from any direct loss covered under Insuring Clauses (A) through (I); or
- (2) **Computer Violation Expenses** resulting from any direct loss covered under Insuring Clauses (A), (E) or (I);

incurred by any **Insured Organization** in the amount set forth in Item 6 of the Declarations, solely if such covered direct loss is in excess of the Deductible Amount applicable to such covered direct loss. Such amount shall be part of and not in addition to the Limit of Liability applicable to such covered direct loss.



## II. DEFINITIONS

For the purposes of this Coverage Section:

- (A) **Banking Premises** means the interior portion of a building occupied by, or the night depository chute or safe maintained by, any bank, trust company or similar institution.
- (B) **Client** means a customer of an **Insured Organization** to whom an **Insured Organization** provides goods or services under written contract or for a fee.
- (C) **Computer Fraud** means the unlawful taking of **Money, Securities or Property** resulting from a **Computer Violation**.
- (D) **Computer System** means a computer or network of computers, including its input, output, processing, storage and communication facilities, and shall include off-line media libraries.
- (E) **Computer Violation** means an unauthorized:
- (1) entry into or deletion of data from a **Computer System**;
  - (2) change to data elements or program logic of a **Computer System**, which is kept in machine readable format; or
  - (3) introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**,  
directed solely against any **Insured Organization**.
- (F) **Computer Violation Expenses** means reasonable expenses, other than an **Insured Organization's** internal corporate costs (such as employee remuneration), incurred by an **Insured Organization** with the **Company's** prior written consent to reproduce or duplicate damaged or destroyed electronic **Data** or computer programs. If such computer programs cannot be duplicated from other computer programs, then **Computer Violation Expenses** shall also include reasonable costs incurred for computer time, computer programmers, technical experts or consultants to restore the computer programs to substantially the same level of operational capability immediately preceding the covered direct loss. **Computer Violation Expenses** shall not include expenses incurred by any **Client**.
- (G) **Credit Card Fraud** means the **Forgery** or alteration of, on or in, any written instrument required in connection with any credit card issued to an **Insured Organization** or at the request of an **Insured Organization**, to any partner, officer or **Employee** of an **Insured Organization**.
- (H) **Data** means information contained in records, accounts, microfilms, tapes or other records, whether or not contained in a **Computer System**.
- (I) **Discovery** or **Discovered** means knowledge acquired by an **Executive** or **Insurance Representative** of an **Insured** which would cause a reasonable person to believe a covered loss has occurred or an occurrence has arisen that may subsequently result in a covered loss. This includes loss:
- (1) sustained prior to the inception date of any coverage under this Coverage Section;



- (2) which does not exceed the Deductible Amount as set forth in the Declarations; or
- (3) the exact amount or details of which are unknown.

**Discovery** or **Discovered** shall not include knowledge acquired by an **Executive** or **Insurance Representative** of an **Insured** acting alone or in collusion with an **Employee**, or the knowledge possessed by any **Executive** or **Insurance Representative** who is a participant in the **Theft** or **Forgery**.

(J) **Employee** means any:

- (1) natural person in the regular service of an **Insured Organization** in the ordinary course of such **Insured Organization's** business, whom such **Insured Organization** governs and directs in the performance of such service, including any part-time, seasonal, leased and temporary employees as well as volunteers;
- (2) **Executive** while performing acts within the scope of the usual duties of an **Employee**; or
- (3) natural person fiduciary, trustee, administrator or **Employee** of a **Sponsored Plan** and any other natural person required to be bonded in connection with such **Sponsored Plan** by Title 1 of the Employee Retirement Income Security Act of 1974, as amended.

(K) **Executive** means any natural person specified below:

- (1) duly elected or appointed directors, officers, members of the Board of Managers or management committee members of any **Insured Organization** incorporated in the United States of America;
- (2) in-house general counsel of any **Insured Organization** incorporated in the United States of America; or
- (3) equivalent positions of (1) or (2) above in any **Insured Organization** chartered in any other jurisdiction anywhere in the world.

(L) **Financial Instrument(s)** means checks, drafts or similar written promises, orders or directions to pay a sum certain in money, that are made, drawn by or drawn upon an **Insured Organization** or by anyone acting as an **Insured Organization's** agent, or that are purported to have been so made or drawn.

(M) **Forgery** means the signing of another natural person's name with the intent to deceive, but does not mean a signature that includes one's own name, with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated the same as hand-written signatures.



- (N) **Funds Transfer Fraud** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by an **Insured Organization** at such institution, without an **Insured Organization's** knowledge or consent.
- (O) **Insurance Representative** means an **Employee**, including a risk manager, designated to represent an **Insured** for the purpose of effecting and maintaining insurance.
- (P) **Insured** means the **Insured Organization** and any **Sponsored Plan**.
- (Q) **In Transit** means being conveyed outside the **Premises**, from one person or place to another, by the **Insured Organization** within the custody of:
- (1) an **Employee** or a partner of an **Insured Organization**; or
  - (2) a person authorized by an **Insured Organization** to have custody of **Money**, **Securities** or **Property**.
- Such conveyance begins immediately upon receipt of **Money**, **Securities** or **Property**, by the person(s) described in (1) or (2) above, from any **Insured Organization**, and ceases immediately upon delivery to the designated recipient or its agent.
- (R) **Investigative Expenses** means reasonable expenses, other than an **Insured Organization's** internal corporate costs (such as employee remuneration), incurred by an **Insured Organization** with the **Company's** prior written consent to establish the existence and amount of a covered loss. **Investigative Expenses** shall not include expenses incurred by any **Client**.
- (S) **Money** means currency, coin, bank notes and bullion.
- (T) **Money Orders And Counterfeit Currency Fraud** means the good faith acceptance:
- (1) in exchange for merchandise, **Money** or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation; or
  - (2) in the regular course of business, of counterfeit United States of America or Canadian paper currency.
- (U) **Premises** means the interior portion of a building occupied by an **Insured Organization** in conducting its business.
- (V) **Property** means tangible property other than **Money** or **Securities**.
- (W) **Robbery** means the unlawful taking of **Money**, **Securities** or **Property** from the custody of an **Employee**, or other person (except a person acting as a watchman, porter or janitor) authorized by an **Insured Organization** to have custody of such **Money**, **Securities** or **Property**, by violence or threat of violence, committed in the presence and cognizance of such person.
- (X) **Safe Burglary** means the unlawful taking of **Money**, **Securities** or **Property** by forcible or violent entry evidenced by visible marks, from a locked vault or safe located within the **Premises**.



- (Y) **Salary** means compensation an **Insured Organization** pays an **Employee**, including but not limited to bonus, commission, incentive payments, and the cost of health, welfare and pension benefits.
- (Z) **Securities** means negotiable and non-negotiable instruments representing either **Money** or **Property**.
- (AA) **Sponsored Plan** means:
- (1) any Employee Benefit Plan, Pension Benefit Plan, Welfare Benefit Plan, as each are defined in the Employee Retirement Income Security Act of 1974, as amended, which is operated solely by the **Insured Organization** or jointly by the **Insured Organization** and a labor organization for the benefit of the **Employees** of the **Insured Organization** located anywhere in the world and which existed on or before the inception of this Coverage Section or which is created or acquired after the inception of this Coverage Section;
  - (2) any other employee benefit plan or program not subject to Title 1 of the Employee Retirement Income Security Act of 1974, as amended, sponsored solely by the **Insured Organization** for the benefit of the **Employees**, including any excess benefit plan, located anywhere in the world and which existed on or before the inception of this Coverage Section or which is created or acquired after the inception of this Coverage Section; or
  - (3) any other plan, fund, or program specifically included as a **Sponsored Plan** by endorsement to this Coverage Section.
- Sponsored Plan** shall not include any multi-employer plan.
- (BB) **Theft** means the unlawful taking of **Money**, **Securities** or **Property** to the deprivation of:
- (1) an **Insured**, solely for the purposes of Insuring Clause (A); or
  - (2) a **Client**, solely for the purposes of Insuring Clause (I).
- (CC) **Third Party** means a person other than an **Insured** or **Employee**.

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### III. EXCLUSIONS

- (A) No coverage will be available under this Coverage Section for:
- (1) loss resulting directly or indirectly from any authorized or unauthorized trading of **Money**, **Securities** or **Property**, whether or not in the name of the **Insured** and whether or not in a genuine or fictitious account; provided that this Exclusion (A)(1) shall not apply to direct losses caused by **Theft** or **Forgery** which result in improper financial gain to an **Employee** (direct losses as used herein shall mean only the amount of improper financial gain to such **Employee**, which shall not include **Salary**, commissions, fees or other compensation, including but not limited to promotions and raises associated with employment, paid by the **Insured** to such **Employee**);



- (2) loss of trade secrets, confidential processing methods or other confidential information of any kind;
- (3) **Theft** or **Forgery** committed against an **Insured Organization** by a partner of such **Insured Organization** whether acting alone or in collusion with others; provided that, if **Theft** or **Forgery** committed by such partner would have resulted in a covered loss, the **Company** shall pay the amount which exceeds such partner's percentage ownership of the **Insured Organization**, on the day immediately preceding the date of **Discovery**, multiplied by the **Insured Organization's** total assets as reflected in such **Insured Organization's** most recent audited financial statements;
- (4) loss due to declared or undeclared war, civil war, insurrection, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization; or any act or condition incident to any of the foregoing;
- (5) loss due to nuclear reaction, nuclear radiation or radioactive contamination;
- (6) loss of income not realized as the result of a covered loss;
- (7) indirect or consequential loss of any kind; provided that this Exclusion (A)(7) shall not apply to otherwise covered **Investigative Expenses** and **Computer Violation Expenses** under Insuring Clause (J);
- (8) expenses incurred:
  - (a) as a result of the reconstitution of **Data** if an **Insured Organization** knowingly uses illegal copies of programs;
  - (b) to render the **Data** usable by replacement processing equipment;
  - (c) to design, update or improve software or programs or to perfect their operation or performance; or
  - (d) as a result of an alteration in **Data** held on magnetic media due to the effect of magnetic fields, their incorrect use or the obsolescence of the **Computer System**;
- (9) loss caused by an **Employee** which is sustained by an **Insured**:
  - (a) after an **Insured** becomes aware of a **Theft**, **Forgery**, or other fraudulent or dishonest act committed by such **Employee** while employed with an **Insured**;
  - (b) after an **Executive** or **Insurance Representative** acquires at any time knowledge of fraud or dishonesty, involving **Money**, **Securities** or other property valued at twenty-five thousand dollars (\$25,000) or more, committed prior to employment with an **Insured**; or
  - (c) more than sixty (60) days following the termination of such **Employee**.
- (10) loss due to fire, provided that this Exclusion (A)(10) shall not apply to:
  - (a) loss of **Money** or **Securities**; or



- (b) damage to any safe or vault caused by the application of fire thereto for the purposes of **Safe Burglary**;
- (11) fees, costs or expenses incurred or paid by an **Insured** in defending or prosecuting any legal proceeding or claim; provided that this Exclusion (A)(11) shall not apply to the coverage provided under Section VI Legal Expenses Extension;
- (12) loss due to an **Insured** knowingly having given or surrendered **Money, Securities** or **Property** in any exchange or purchase with a **Third Party**, not in collusion with an **Employee**; provided that this Exclusion (A)(12) shall not apply to **Money Orders And Counterfeit Currency Fraud**;
- (13) loss sustained by one **Insured** to the advantage of any other **Insured**;
- (14) loss of or damage to **Money, Securities** or **Property** while in the custody of any bank, trust company, similar recognized place of safe deposit, armored motor vehicle company or any person who is duly authorized by the **Insured Organization** to have custody of the property; provided that this Exclusion (A)(14) shall not apply to the extent that coverage under this Coverage Section is excess of the amount recovered or received by the **Insured Organization** under:
  - (a) the **Insured Organization's** contract, if any, with, or insurance carried by, any of the foregoing; or
  - (b) any other insurance or indemnity in force which would cover the loss in whole or in part;
- (15) loss due to the unlawful taking of **Money, Securities** or **Property, Computer Fraud** or any other fraudulent, dishonest or criminal act (other than **Robbery** or **Safe Burglary**), by any authorized representative of the **Insured Organization**, other than an **Employee**, provided that such authorized representative is not acting in collusion with any **Employee**.
- (B) No coverage will be available under Insuring Clause (A) or (I) for loss caused by any broker, factor, commission merchant, consignee, contractor, independent contractor or other agent or representative of the same general character.
- (C) No coverage will be available under Insuring Clause (B) or (C) for:
  - (1) loss or damage due to **Forgery, Computer Fraud** or **Funds Transfer Fraud**; or
  - (2) loss of or damage to **Money, Securities** or **Property** while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.
- (D) No coverage will be available under Insuring Clauses (B), (C), (E) and (F) for loss or damage of **Money, Securities** or other property as a result of a kidnap, ransom or other extortion payment (as distinct from **Robbery**) surrendered to any person as a result of a threat to do bodily harm to any person or a threat to do damage to the **Premises** or other property.





- (E) No coverage will be available under Insuring Clause (D) for loss due to **Forgery** or alteration of:
- (1) any **Financial Instrument** committed by any **Third Party** in collusion with any **Employee**; or
  - (2) any registered or coupon obligations issued or purported to have been issued by the **Insured**, or any coupons whether attached or detached.
- (F) No coverage will be available under Insuring Clause (H) for loss caused by any forgery or alteration of, on or in any written instrument; provided that this Exclusion (F) shall not apply if:
- (1) the provisions, conditions and other terms under which the involved credit card was issued were fully complied with; and
  - (2) the **Insured Organization** is legally liable to the issuer of such credit card for such loss.
- (G) No coverage will be available under this Coverage Section if the Loss Discovered option is purchased, as set forth in Item 7 of the Declarations, for any loss that the **Insured** is aware of prior to the inception date of this Coverage Section.
- (H) If the Loss Sustained option is purchased, as set forth in Item 7 of the Declarations, no coverage will be available under this Coverage Section for:
- (1) loss unless sustained by any **Insured** prior to the termination of this Coverage Section as to such **Insured** and **Discovered** and written notice thereof is given to the **Company** within sixty (60) days following such termination;
  - (2) loss unless sustained prior to the termination of any Insuring Clause or any particular coverage offered under any Insuring Clause and **Discovered** and written notice thereof is given to the **Company** within sixty (60) days following such termination; or
  - (3) loss unless sustained prior to the termination of this Coverage Section in its entirety, and **Discovered** and written notice thereof is given to the **Company**:
    - (a) within sixty (60) days following such termination, if this Coverage Section is not renewed with the **Company**;
    - (b) prior to such termination, if this Coverage Section is renewed with the **Company**; or
    - (c) within one (1) year following such termination, if the termination results from the voluntary liquidation or voluntary dissolution of the **Parent Corporation**.
- (I) If the Loss Discovered option is purchased as set forth in Item 7 of the Declarations, no coverage will be available under this Coverage Section for:
- (1) loss unless sustained by any **Insured, Discovered** and written notice thereof is given to the **Company** prior to the termination of this Coverage Section as to such **Insured**;



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- (2) loss unless sustained, **Discovered** and written notice thereof is given to the **Company** prior to the termination of any Insuring Clause or any particular coverage offered under any Insuring Clause;
  - (3) loss unless sustained, **Discovered** and written notice thereof is given to the **Company** prior to the termination of this Coverage Section in its entirety; or
  - (4) loss unless sustained prior to the termination of this Coverage Section and **Discovered** and written notice thereof is given to the **Company**, within one (1) year following such termination if the termination results from the voluntary liquidation or voluntary dissolution of the **Parent Corporation**.

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**IV. OWNERSHIP**

- (A) Solely for the purposes of Insuring Clauses (A) through (H), the **Company's** liability under this Coverage Section will apply only to the **Money, Securities or Property** owned by the **Insured Organization** or for which the **Insured Organization** is legally liable, or held by the **Insured Organization** in any capacity whether or not the **Insured Organization** is liable; provided that:
  - (1) the **Company** will not be liable for damage to the **Premises** unless the **Insured Organization** is the owner or is liable for such damage; or
  - (2) with respect to Insuring Clause (A) the **Company's** liability will not apply to **Money, Securities or Property** of a **Client**.
- (B) Solely for the purposes of Insuring Clause (I), the **Company's** liability under this Coverage Section will apply only to the **Money, Securities or other Property** of a **Client**, which is held by the **Insured Organization** in any capacity or for which the **Insured Organization** is legally liable.

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**V. SPONSORED PLAN**

Solely with respect to any **Sponsored Plan**, payment by the **Company** for covered loss to the **Parent Corporation** shall be held by such **Parent Corporation** for the use and benefit of the **Sponsored Plan** sustaining such loss. The Limit of Liability applicable to any **Sponsored Plan** shall equal the lesser of ten percent (10%) of the **Sponsored Plan's** assets as of the beginning of such **Sponsored Plan's** fiscal year or five hundred thousand dollars (\$500,000) ("Amended Limit of Liability"); provided, however, that the following additional conditions shall also apply with respect to such coverage:

- (1) Loss Involving One **Sponsored Plan**:
  - (a) If the applicable Limit of Liability as set forth in Item 6 of the Declarations is less than the Amended Limit of Liability, then the applicable Limit of Liability shall be the Amended Limit of Liability; or
  - (b) If the applicable Limit of Liability as set forth in Item 6 of the Declarations equals or exceeds the Amended Limit of Liability, then the applicable Limit of Liability shall be the Limit of Liability as set forth in Item 6 of the Declarations; or



- (2) Loss Involving More Than One **Sponsored Plan**:
- (a) If the applicable Limit of Liability as set forth in Item 6 of the Declarations is less than the Amended Limit of Liability as calculated for each **Sponsored Plan**, then the applicable Limit of Liability for each **Sponsored Plan** shall be the Amended Limit of Liability as calculated for each **Sponsored Plan**; or
  - (b) If the applicable Limit of Liability as set forth in Item 6 of the Declarations equals or exceeds the Amended Limit of Liability as calculated for all such **Sponsored Plans**, then the applicable Limit of Liability for all such **Sponsored Plans** combined shall be the Limit of Liability as set forth in Item 6 of the Declarations.

For the purposes of **Sponsored Plan** coverage hereunder, the words "sixty (60) days" are deleted from the exclusions applicable to this Coverage Section, wherever they appear, and the words "one (1) year" are substituted in place thereof. Solely with respect to loss sustained by a **Sponsored Plan**, no Deductible Amount shall apply to such loss.

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## VI. LEGAL EXPENSES EXTENSION

In addition to the Limits of Liability set forth in the Declarations, the **Company** shall be liable for:

- (A) with respect to **Forgery** coverage under Insuring Clause (D), reasonable court costs and attorneys' fees incurred and paid with the **Company's** prior written consent in defending an **Insured Organization** or an **Insured Organization's** bank in any legal proceeding brought against it to enforce payment of a **Financial Instrument**.
- (B) with respect to **Credit Card Fraud** coverage under Insuring Clause (H), reasonable court costs and attorneys' fees incurred and paid with the **Company's** prior written consent in defending an **Insured Organization** in any legal proceeding brought against it to enforce payment of a written instrument, required in connection with any credit card.

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## VII. LIABILITY FOR PRIOR LOSSES

- (A) If the Loss Sustained option is purchased, as set forth in Item 7 of the Declarations:
  - (1) Coverage will be available for loss sustained prior to the inception date of this Coverage Section, or the effective date of coverage for any additional **Insureds**, or the effective date of any coverage added by endorsement, subject to the following:
    - (a) an **Insured** or some predecessor in interest of such **Insured** carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy;
    - (b) such coverage continued without interruption from the time such loss was sustained until the inception date or effective date specified in paragraph (1) above;
    - (c) such loss was first **Discovered** by an **Insured** after the time allowed for discovery under the last such policy; and
    - (d) some or all of the coverage of an Insuring Clause under this Coverage Section would be applicable to such prior loss;



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- (2) If such prior bond or policy carried by the **Insured** or predecessor in interest of such **Insured** was issued by the **Company** or its affiliates, such prior bond or policy shall terminate as of the inception of this Coverage Section and such prior bond or policy shall not cover any loss not discovered and noticed to the **Company** prior to the inception of this Coverage Section; and
- (3) The **Insured** shall neither be entitled to a separate recovery under each policy in force at the time any part of the prior loss was sustained, nor shall the **Insured** be entitled to recover the sum of the limits of liability of any such policies. The **Company's** maximum liability for the prior loss shall not exceed the lesser of either the limit of liability of the policy immediately preceding this Coverage Section under which part of the prior loss was sustained, or the applicable Limit of Liability as set forth in the Declarations.
- (B) If the Loss Discovered option is purchased, as set forth in Item 7 of the Declarations:
- (1) Coverage will be available for loss sustained at any time and **Discovered** during the **Policy Period**, provided that coverage for loss sustained prior to the effective date of this Coverage Section, or the effective date of coverage for any additional **Insureds**, or the effective date of any coverage added by endorsement, is subject to the following:
- (a) if an **Insured** or some predecessor in interest of such **Insured** carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy and such prior bond or policy was not issued by the **Company** or its affiliates and such loss was first **Discovered** by an **Insured** prior to the expiration of the time allowed for discovery under the last such policy, then no coverage shall be available under this Coverage Section, unless the total amount of covered loss exceeds the limit of liability of the last such bond or policy carried by the **Insured** or predecessor in interest of such **Insured**, and the **Company's** Limit of Liability for any such loss will be in excess of the limit of liability of the last bond or policy subject to all of the terms and conditions of this Coverage Section; or
- (b) if an **Insured** or some predecessor in interest of such **Insured** carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy and such prior bond or policy was issued by the **Company** or its affiliates then such prior bond or policy shall terminate as of the inception of this Coverage Section and such prior bond or policy shall not cover any loss not discovered and noticed to the **Company** prior to the inception of this Coverage Section and then the **Company's** Limit of Liability for such loss shall be the applicable Limit of Liability shown on the Declarations.

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**VIII. LIMITS OF LIABILITY**

- (A) The **Company's** maximum liability for each loss shall not exceed the Limit of Liability applicable to such loss, as set forth in Item 6 of the Declarations, regardless of the number of **Insureds** sustaining the loss.
- (B) If a direct loss is covered under more than one Insuring Clause, the maximum amount payable under this Coverage Section shall not exceed the largest applicable Limit of Liability of any such Insuring Clause.



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- (C) All loss resulting from a single act or any number of acts of the same **Employee** or **Third Party**, and all loss whether such act or acts occurred before or during the **Policy Period**, will be treated as a single loss and the applicable Limit of Liability of this Coverage Section will apply, subject to Section VII Liability for Prior Losses.

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**IX. NON-ACCUMULATION OF LIABILITY**

- (A) When there is more than one **Insured**, the maximum liability of the **Company** for loss sustained by one or all **Insureds** shall not exceed the amount for which the **Company** would be liable if all losses were sustained by any one **Insured**.
- (B) Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the amount the **Company** shall pay for any loss shall not be cumulative from year to year or from **Policy Period** to **Policy Period**.

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**X. PROOF OF LOSS AND LEGAL PROCEEDINGS**

- (A) Knowledge possessed by any **Insured** or **Discovery** shall be deemed knowledge possessed by or **Discovery** by all **Insureds**.
- (B) It is a condition precedent to coverage hereunder that, upon **Discovery**, the **Parent Corporation** will:
- (1) give written notice to the **Company** at the earliest practicable moment, and in no event later than ninety (90) days after such **Discovery**;
  - (2) furnish a proof of loss with full particulars to the **Company** within six (6) months of such **Discovery**, including:
    - (a) submission to examination under oath at the **Company's** request;
    - (b) production of all pertinent records at such reasonable times and places as the **Company** shall designate; and
  - (3) provide full cooperation with the **Company** in all matters pertaining to a loss or claim.
- (C) The **Parent Corporation** may offer a comparison between an **Insured Organization's** inventory records and actual physical count of its inventory to prove the amount of loss, only where an **Insured Organization** establishes wholly apart from such comparison that it has sustained a covered loss, caused by an identified **Employee**.
- (D) No **Insured** shall institute legal proceedings against the **Company**:
- (1) after two (2) years immediately following any **Discovery**; or
  - (2) to recover a judgment or settlement against it or its bank resulting from **Forgery, Credit Card Fraud** or related legal expenses as set forth in Section VI Legal Expenses Extension, after two (2) years immediately following the date upon which such judgment shall become final or settlement was entered.



**XI. VALUATION AND FOREIGN CURRENCY**

The **Company** shall pay:

(A) the least of:

- (1) the actual market value of lost, damaged or destroyed **Securities** at the closing price of such **Securities** on the business day immediately preceding the day on which a loss is **Discovered**;
- (2) the cost of replacing **Securities**; or
- (3) the cost to post a Lost Instrument Bond;

Such cost shall be paid by the **Company** on behalf of an **Insured**;

(B) the cost of blank books, pages or tapes or other blank materials to replace lost or damaged books of account or other records;

(C) the least of:

- (1) the price paid by an **Insured** for the **Property**; or
- (2) the cost to repair or replace **Property** with that of similar quality and value at the time the **Parent Organization** complies with Section X Proof of Loss and Legal Proceedings, regarding the furnishing of proof of loss; or

(D) the United States of America dollar value of foreign currency based on the rate of exchange published in *The Wall Street Journal* on the day loss involving foreign currency is **Discovered**.

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**XII. OTHER INSURANCE**

If the **Insured** or any other party in interest in any loss covered by this Coverage Section has any bond, indemnity or insurance which would cover such loss in whole or in part in the absence of this Coverage Section, then this Coverage Section shall be null and void to the extent of the amount recoverable or received under such other bond, indemnity, or insurance; but this Coverage Section shall cover such loss, subject to its exclusions, conditions and other terms, only to the extent of the amount of such loss in excess of the amount recoverable or received under such other bond, indemnity or insurance.

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