



ST. PAUL FIRE & MARINE  
INSURANCE COMPANY  
385 Washington St.  
ST. PAUL, MINNESOTA  
A Capital Stock Company  
651-310-7911

**ST. PAUL CRIME LOSS INDEMNITY POLICY**  
**Revised to March 2004**

Policy No.

**DECLARATIONS**

Item 1: Name of **Insured:**  
Principal Address:

Item 2: This Policy is to be effective from 12:01 a.m. on \_\_\_\_\_ and expires 12:01 a.m. on \_\_\_\_\_ standard time at the Principal Address as to each of said dates.

Item 2a. The Aggregate Limit of Indemnity of the Underwriter for each **Policy Period** shall be \$ \_\_\_\_\_.

Item 3: Offices or Premises Covered: All of the **Insured's** offices and **Insured Premises** in existence at the time this Policy becomes effective are covered under this Policy, except for such offices or **Insured Premises** located as follows: \_\_\_\_\_.

Item 4: No coverage is provided under any Insuring Clause unless so indicated in the Table of Single Loss Limits of Indemnity showing the Underwriter's Single Loss Limit of Indemnity or in any endorsement hereafter agreed upon. The Underwriter's Single Loss Limit of Indemnity and Deductible for Each and Every Loss under each Insuring Clause as shown in the Table of Single Loss Limits of Indemnity are subject to the Declarations, General Agreements, Definitions, Exclusions and Conditions of this Policy, the terms and limitations of the Insuring Clause having reference thereto and any endorsements to this Policy.

Item 5: **Employee Welfare and Pension Benefit Plan(s)** covered as **Insured** by this Policy: Any employee welfare or pension benefit plan that qualifies under Section 412 of the Employee Retirement Income Security Act of 1974 which is owned, controlled or operated solely by the **Insured** or jointly by the **Insured** and a labor organization as of the effective date of this Policy and for the benefit of the **Employees** of the **Insured** shown in Item 1, but only as respects the coverage of Insuring Clause (G), including: \_\_\_\_\_.

Item 6: This Policy is subject to the terms of the following endorsements attached hereto at the effective date of this Policy:

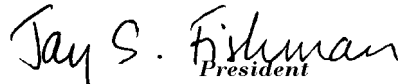
and to all other endorsements attached hereto after the effective date of this Policy.

Item 7: The **Insured**, by acceptance of this Policy, gives notice to the Underwriter terminating or canceling prior Policy(ies) No.(s) \_\_\_\_\_ such termination or cancellation to be effective as of the time this Policy becomes effective.

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Executed this            day of            ,

  
Secretary

  
President

Countersigned \_\_\_\_\_

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## I. INSURING CLAUSES

The Underwriter, in consideration of an agreed **Policy Period** premium, and subject to the Declarations, Table of Single Loss Limits of Indemnity, Insuring Clauses, General Agreements, Definitions, Exclusions, Conditions, any endorsements and all other terms hereof, agrees to indemnify the **Insured** for:

### INSURING CLAUSE (A)(1)- EMPLOYEE THEFT OR FORGERY

Loss, other than loss covered under Insuring Clause (A)(2), discovered by the **Insured** during the **Policy Period** and directly caused by **Theft** or **Forgery** by any **Employee**, acting alone or in collusion with others, of **Money**, **Securities** or other property.

### INSURING CLAUSE (A)(2) - EMPLOYEE THEFT FROM CUSTOMER OR CLIENT PREMISES OR EMPLOYEE FORGERY OF MONEY, SECURITIES OR OTHER PROPERTY OF A CUSTOMER OR CLIENT

- (a) Loss discovered by the **Insured** during the **Policy Period** and directly caused by **Theft** by an identified **Employee**, acting alone or in collusion with others, of **Money**, **Securities** or other property:
- (i) owned, leased or held by a **Customer or Client**; or
  - (ii) for which the **Customer or Client** is legally liable; from within Customer or Client Premises.
- (b) Loss discovered by the **Insured** during the **Policy Period** and directly caused by **Forgery** by any **Employee**, acting alone or in collusion with others, of **Money**, **Securities** or other property of a **Customer or Client**.

### INSURING CLAUSE (B) - PREMISES

#### (1) Loss of Money or Securities

Loss of **Money** or **Securities** discovered by the **Insured** during the **Policy Period** and directly caused by **Theft**, disappearance, damage or destruction while such **Money** or **Securities** is within the **Insured Premises** or **Banking Premises**, including any night depository chute or safe maintained by any bank or trust company.

#### (2) Damage to Insured Premises or Other Property

Loss discovered by the **Insured** during the **Policy Period** and by reason of damage:

- (a) to any **Insured Premises**, to the exterior of any **Insured Premises** or to any furnishings, fixtures, equipment, stationery, supplies, safes or vaults within any **Insured Premises** directly caused by **Theft** or any attempt thereat; or
- (b) to any other property, other than **Money** and **Securities** and items listed in (2)(a) above, directly caused by **Robbery**, **Safe Burglary** or attempt thereat within the **Insured Premises**;

provided the **Insured** is the owner of such property or is legally liable for its loss or damage.

### INSURING CLAUSE (C) - TRANSIT

#### (1) Loss of Money or Securities

Loss of **Money** or **Securities** discovered by the **Insured** during the **Policy Period** and directly caused by **Theft**, disappearance, damage or destruction while in transit anywhere outside the **Insured Premises** and in the custody of:

- (a) an **Employee**, partner or **Manager** of the **Insured** or while temporarily within such person's home; or
- (b) an armored motor vehicle company.

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(2) Loss of Other Property

Loss of property other than **Money** and **Securities** discovered by the **Insured** during the **Policy Period** and directly caused by **Robbery** while in transit anywhere outside the **Insured Premises** and in the custody of:

- (a) an **Employee**, partner or **Manager** of the **Insured**; or
- (b) an armored motor vehicle company.

Coverage under Insuring Clause (C) begins immediately upon receipt of the **Money**, **Securities** or other property by the transporting party and ends immediately upon delivery to the designated recipient or its agent. No coverage shall extend to **Money**, **Securities** or other property entrusted to an armored motor vehicle company during the time such items are stored by such company.

**INSURING CLAUSE (D) - FORGERY**

Loss discovered by the **Insured** during the **Policy Period** and directly caused by **Forgery** or alteration of, on or in any **Written** check, draft, promissory note, bill of exchange, or similar **Written** promise, order or direction to pay a sum certain in **Money** made or drawn by, or drawn upon, the **Insured** or made or drawn by one acting as an agent of the **Insured** or purporting to have been so made or drawn.

For the purposes of Insuring Clause (D), a signature that is a mechanical or electronic reproduction of a handwritten signature produced by a mechanical check-writing machine or a computer printer is treated the same as the handwritten signature. Any other electronic signature, however, is not treated the same as a mechanical or electronic reproduction of a handwritten signature and is not a **Forgery** under this Insuring Clause.

**INSURING CLAUSE (E) - COMPUTER CRIME & RESTORATION COSTS**

**(E)(1)-Computer Crime**

Loss of **Money**, **Securities** or other property discovered by the **Insured** during the **Policy Period** and directly caused by **Computer Crime**.

**(E)(2)-Restoration Costs of Electronic Computer Instructions and Electronic Data**

Loss discovered by the **Insured** during the **Policy Period** and consisting of reasonable expenses incurred or fees paid by the **Insured** for the cost of:

- (a) computer time, computer programmers, consultants or other technical specialists as are reasonably necessary to verify and substantially restore **Electronic Computer Instructions** to their previous levels of operational capability; and
- (b) labor for the actual transcription or copying of **Electronic Data** from source documents furnished by the **Insured** in order to reproduce such data;

when such instructions or data have been intentionally and maliciously damaged or destroyed due to the introduction into the **Insured's Computer System** of a **Computer Virus** or by any other fraudulent act by a natural person, whether or not an **Employee**, while such **Electronic Computer Instructions** or **Electronic Data** are stored within the **Insured's Computer System** or recorded upon electronic data processing media located within the **Insured Premises**; provided the **Insured** is the owner of such instructions or data or is legally liable for such loss or damage and provided the **Insured** is unable to reproduce same from back-up copies.

If a **Single Loss** is covered under Insuring Clauses (E)(1) and (E)(2), then only the Deductible Each and Every Loss under Insuring Clause (E)(1) shall be applicable. Loss under Insuring Clause (E)(2) shall be part of, and not in addition to, the Single Loss Limit of Indemnity of Insuring Clause (E)(1).

**INSURING CLAUSE (F) - KIDNAP & EXTORTION INCLUDING E-COMMERCE EXTORTION THREATS**

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- (1) Loss of **Money** or **Securities** surrendered by the **Insured** or any **Insured Person** discovered by the **Insured** during the **Policy Period** and directly caused by an extortion threat communicated to the **Insured** or an **Insured Person** that occurs anywhere in the world:
    - (a) to abduct or do bodily harm to any **Insured Person**, or **Guest** of any **Insured Person**, who has or allegedly has been **Kidnapped**;
    - (b) to do damage to the premises or other property of the **Insured** or **Insured Person**; or
    - (c) to perpetrate an **E-Commerce Extortion Threat**;by persons who then demand a ransom as a condition of not carrying out such threat.
  
  - (2) Expense incurred by the **Insured** or an **Insured Person**, in connection with an extortion threat covered under section (1) of this Insuring Clause F, or in connection with a **Hijack** or **Detention**, for:
    - (a) investigating such extortion threat;
    - (b) paying of **Money** or **Securities** as a ransom;
    - (c) negotiating a release of any **Insured Person**;
    - (d) paying a reasonable and lawful reward to any person, other than an **Insured Person**, providing information not otherwise obtainable solely in return for a reward offered by the **Insured** or **Insured Person** for information leading to the arrest and conviction of the parties responsible for any loss under this Insuring Clause;
    - (e) paying a crisis response firm to resolve the threat or to secure the release of any **Insured Person**, including costs or expenses of independent public relations consultants and interpreters;
    - (f) salaries, commissions and other financial benefits paid by the **Insured** to an **Insured Person** at the level in effect on the date of the **Kidnap, Detention** or **Hijack** for a period not to exceed 5 years; provided such expense shall cease at the earliest of:
      - (i) 30 days following the **Insured Person's** release or the date such person returns to work;
      - (ii) discovery of the **Insured Person's** death; or
      - (iii) 120 days after the last credible evidence following abduction that such **Insured Person** is still alive;
    - (g) paying fees for independent psychiatric care, medical care (including costs of cosmetic or plastic surgery required to correct any permanent disfigurement) sustained by an **Insured Person** and for legal advice incurred prior to the **Insured Person's** release and within thirty-six months following the **Kidnap, Hijack** or **Detention**;
    - (h) paying personal financial loss of an **Insured Person** because of his or her physical inability to attend to personal financial matters due to a **Kidnap, Detention** or **Hijack**; or
    - (i) paying other reasonable expenses, with consent of the Underwriter, that are directly related to the extortion threat.

Indemnification for expenses described in item (2) of this Insuring Clause F shall be in addition to the applicable Single Loss Limit of Indemnity; provided however, that the amount payable hereunder for expenses incurred with respect to any one loss under this Insuring Clause F shall not exceed 50% of the Single Loss Limit of Indemnity for this Insuring Clause F.

- (3) Loss discovered by the **Insured** during the **Policy Period** and directly caused by destruction, disappearance, or wrongful appropriation of **Money** or **Securities** as a ransom while being delivered to persons demanding it by anyone who is authorized by the **Insured** or an **Insured Person** to have custody of such **Money** or **Securities**.
  
- (4) Legal liability of the **Insured** for settlements, awards, fees or judgments imposed upon and paid by the **Insured** as a result of an action for damages brought by, or on behalf of, any **Insured Person** or such **Insured Person's** legal representative or shareholders solely and directly as a result of a **Kidnap, Hijack, Detention** or extortion threat covered under section (1) of this Insuring Clause F.

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As conditions precedent to the Underwriter's liability under this Insuring Clause:

- (a) the extortion threat referred to in Insuring Clause (F)(1) must occur solely and directly as the result of the **Insured Person's** association with the **Insured** and not as the result of such **Insured Person's** association or position with any other entity;
- (b) the **Insured** shall have agreed to reimburse any **Insured Person** for any such loss of **Money** or **Securities** or expenses and include such in its proof of loss;
- (c) the **Insured** or **Insured Person** shall approve the payment of **Money** or **Securities** prior to the surrender thereof and shall make every reasonable attempt to:
  - i. determine that the **Kidnap** or extortion threat has actually occurred or determine with reasonable certainty that an **E-Commerce Extortion Threat** is technologically credible;
  - ii. give immediate oral or **Written** notice to the Underwriter;
  - iii. notify the Federal Bureau of Investigation or other law enforcement agency having jurisdiction of the demand for **Money** or **Securities** and comply with their recommendations and instructions; and
  - iv. notify an associate, partner, **Manager**, director or officer of the **Insured**.

#### INSURING CLAUSE (G) - EMPLOYEE WELFARE & PENSION BENEFIT PLAN(S)

Loss discovered by the **Insured** during the **Policy Period** and directly caused by any **Theft** committed by any director, **Manager**, trustee or **Employee** of the **Insured** while handling funds of such plan(s) or any natural person who is a trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of an **Employee Welfare or Pension Benefit Plan**.

#### INSURING CLAUSE (H) - MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY

Loss discovered by the **Insured** during the **Policy Period** and directly caused by the **Insured's** good faith acceptance, in exchange for merchandise, **Money** or services, of:

- (1) any post office or express money order issued or purportedly issued by any post office or express company in the United States, its territories and possessions or Canada, if such money order is not paid upon presentation; or
- (2) **Counterfeit** paper currency of the United States, its territories and possessions or Canada.

#### INSURING CLAUSE (I) - FUNDS TRANSFER FRAUD

Loss of **Money** or **Securities** discovered by the **Insured** during the **Policy Period** and directly caused by a **Fraudulent Payment Instruction** to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from a **Transfer Account** of the **Insured** at such institution.

#### INSURING CLAUSE (J) - CREDIT CARD FORGERY

Loss discovered by the **Insured** during the **Policy Period** and directly caused by **Forgery** or alteration of, on or in any **Written** instrument required in connection with any **Credit Card** issued to the **Insured** or, at the **Insured's** request, to any partner, officer or **Employee** of the **Insured**; provided, however, that the **Insured** shall fully comply with the provisions, conditions and other terms under which such **Credit Card** shall have been issued.

#### INSURING CLAUSE (K) - CLAIMS EXPENSE

Reasonable expenses, not including ordinary salaries of **Employees**, the **Insured** pays to investigate and otherwise prepare its proof of loss in support of a covered claim for loss under Insuring Clause (A)(1) or (A)(2) if such loss, exclusive of such expense, exceeds the Deductible Each and Every Loss of such Insuring Clause. Such expenses shall include fees of outside accountants, attorneys, or other consultants or experts retained by the **Insured** to determine the amount and extent of loss covered under this Policy.

## II. GENERAL AGREEMENTS

### (A) COURT COSTS AND ATTORNEYS' FEES

The Underwriter shall indemnify the **Insured** against court costs and reasonable attorneys' fees incurred and paid by the **Insured** in defending any suit or legal proceeding brought against the **Insured** to enforce the **Insured's** liability, or alleged liability, on account of any loss, claim or damage which, if established against the **Insured**, would constitute a collectible loss under this Policy in excess of the Deductible Amount applicable to each and every loss. Such indemnity shall be part of, and not in addition to, the amount set forth in the Table of Single Loss Limits of Indemnity for the applicable Insuring Clause.

The **Insured** shall notify the Underwriter at the earliest practicable moment, not to exceed 60 days after notice thereof, of any such suit or legal proceeding and at the request of the Underwriter shall furnish it with copies of all pleadings and other papers therein. At the Underwriter's election, the **Insured** shall permit the Underwriter to conduct the defense of such suit or legal proceeding, in the **Insured's** name, through attorneys of the Underwriter's selection. In such event, the **Insured** shall give all reasonable information and assistance, other than pecuniary, which the Underwriter shall deem necessary to the defense of such suit or legal proceeding.

If the amount of the **Insured's** liability or alleged liability is greater than the amount recoverable under this Policy, or if a Deductible Amount is applicable, or both, the liability of the Underwriter under this General Agreement is limited to the proportion of court costs and attorney's fees incurred and paid by the **Insured** or by the Underwriter that the amount recoverable under this Policy bears to the total of such amount plus the amount that is not so recoverable.

If the Underwriter pays court costs and attorneys' fees in excess of its proportionate share of such costs and fees, the **Insured** shall promptly reimburse the Underwriter for such excess.

### (B) JOINT INSURED

If two or more **Insureds**, including any **Employee Welfare and Pension Benefit Plan**, are covered under this Policy, the first named **Insured** shall act for all **Insureds**. Payment by the Underwriter to the first named **Insured**, or to any named **Insured**, of loss sustained by any **Insured** shall fully release the Underwriter on account of such loss. If the first named **Insured** ceases to be covered under this Policy, the **Insured** next named shall thereafter be considered as the first named **Insured**. Knowledge possessed, or discovery made by, any **Insured** shall constitute knowledge or discovery by all **Insureds** for all purposes of this Policy. The liability of the Underwriter for loss or losses sustained by all **Insureds** shall not exceed the amount for which the Underwriter would have been liable had all such loss or losses been sustained by one **Insured**.

### (C) ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION, MERGER OR PURCHASE OF ASSETS - NOTICE

If the **Insured** shall, while this Policy is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another organization, such offices shall be automatically covered hereunder from the date of such establishment without the requirement of notice to the Underwriter or the payment of additional premium for the remainder of the premium period.

If the **Insured** shall, while this Policy is in force, consolidate or merge with, or purchase or acquire assets or liabilities of, another organization, (herein referred to as "Transaction") the **Insured** shall not have such coverage as is afforded under this Policy for loss which

- (1) has occurred, or will occur, in offices or premises; or
- (2) has been caused, or will be caused, by an employee or employees of such organization; or
- (3) has arisen, or will arise, out of the assets or liabilities;

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acquired by the **Insured** as a result of such Transaction unless the **Insured** shall:

- (1) give the Underwriter written notice of the proposed Transaction prior to the proposed effective date of such action;
- (2) obtain the written consent of the Underwriter to extend the coverage provided by this Policy to such additional offices or premises, employees and other exposures; and
- (3) upon obtaining such consent, pay to the Underwriter an additional premium, if required.

Except however, if while this Policy is in force, the **Insured** shall enter into a Transaction that involves assets and liabilities in an amount less than 25% of the consolidated assets and liabilities of all **Insureds** as of the most recent calendar year-end preceding the effective date of this Policy, coverage of this Policy for the Transaction shall be afforded for loss that is both discovered, and for which all acts giving rise to the loss occur in their entirety, on or after the effective date of the Transaction. Such coverage shall be afforded without additional premium charge for the remainder of the premium period and without notice of the Transaction having to be given to the Underwriter.

**(D) ACQUISITION OF AN INSURED**

If during the **Policy Period**:

- (1) an **Insured**, other than the first named **Insured**, is acquired by another entity, then this Policy shall terminate immediately as respects that **Insured**; or
- (2) the first named **Insured** is acquired by another entity, this Policy shall terminate as to all **Insureds** immediately upon the effective date of such acquisition.

**(E) CHANGE OF CONTROL - NOTICE TO UNDERWRITER**

Upon any **Insured** learning of a change in control of the first named **Insured**, it shall give the Underwriter **Written** notice thereof. Control as used in this General Agreement means the power to determine the management or policy of a controlling holding company or the first named **Insured** by virtue of voting stock ownership. A change in ownership of voting stock which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten percent (10%) or more of such stock shall be presumed to result in a change of control for purpose of required notice.

Failure to give the required notice shall result in termination of coverage for any loss involving such stockholder or affiliated group, to be effective upon the date of the stock transfer.

**(F) REPRESENTATION OF THE INSURED**

No statement made by or on behalf of the **Insured**, whether contained in the application or otherwise, shall be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief of the person making the statement.

**III. DEFINITIONS**

(A) **Banking Premises** means the interior of that portion of any building or buildings occupied by any bank, trust company or similarly recognized place of safe deposit.

(B) **Computer Crime** means:

- (1) an intentional, unauthorized and fraudulent entry of data into a **Computer System** which creates an unauthorized data record; or



- (2) an intentional, unauthorized and fraudulent change to **Electronic Data** or **Electronic Computer Instructions** that is kept in machine readable format including unauthorized changes to data on disks, tapes or cards;

including a **Computer Virus** and such entries made via the Internet.

- (C) **Computer System** includes a computer and all input, output, processing, storage and communication facilities and equipment which are connected to such a device and which the operating system or application software used by the **Insured** are under the direct operational control of the **Insured**. Off-line media libraries are deemed to be part of such **Computer System**.
- (D) **Computer Virus** means a set of unauthorized instructions, programmatic or otherwise:
  - (1) directed solely against the **Insured**; and
  - (2) that propagate themselves through the **Insured's Computer System** or networks;provided such instructions were maliciously introduced by a natural person.
- (E) **Counterfeit** means an imitation of an actual, valid original which is intended to deceive and to be taken as an original.
- (F) **Credit Card** means any card, plate, or other similar credit device used for the purpose of obtaining **Money**, property, labor or services on credit. It does not mean a note, check, draft, money order or other negotiable instrument.
- (G) **Customer or Client** means an organization or natural person for whom the **Insured** provides goods or services by **Written** agreement.
- (H) **Customer or Client Premises** means that portion of the interior of any building occupied by the **Customer or Client** in conducting its business.
- (I) **Detention** means the holding under duress of an **Insured Person** for whatever reason other than **Kidnap**.
- (J) **E-Commerce Extortion Threat** means a threat by a natural person to:
  - (1) cause the **Insured** to transfer, pay or deliver any **Money** or **Securities** using the **Insured's Computer System**;
  - (2) sell or disclose information about a customer of the **Insured** which is unique to their relationship and is not otherwise publicly available, provided such information is stored in an electronic medium in the **Insured's Computer System** and is retrievable in a perceivable form;
  - (3) alter, damage or destroy **Electronic Data** or **Electronic Computer Instructions** of the **Insured** that are stored within the **Insured's Computer System**; provided such person alleges to have gained, or has gained, unauthorized access to the **Insured's Computer System**;
  - (4) maliciously or fraudulently introduce a **Computer Virus** into the **Insured's Computer System**; or
  - (5) initiate an intentional attack on the **Insured's Computer System** that depletes system resources or impedes system access available through the Internet to authorized external users of the **Insured's Computer System**.
- (K) **Electronic Data** means facts or information converted to a form:

- (1) usable in a **Computer System**;
- (2) which does not provide instructions or directions to a **Computer System**; and
- (3) which is stored on electronic data processing media for use by **Electronic Computer Instructions**.

(L) **Electronic Computer Instructions** means a set of related programs that direct the operations and functions of a **Computer System** and allow such system to act upon or create **Electronic Data**.

(M) **Employee** means:

- (1) one or more of the **Insured's** officers, clerks and other natural persons while employed in the regular service of the **Insured** in the ordinary course of the **Insured's** business and whom the **Insured** compensates by salary, wages or commissions, and student interns whether or not compensated by salary, wages or commissions, who the **Insured** has the right to govern and direct in the performance of such service;
- (2) any of the natural persons described above in sub-paragraph (1) of this definition for a period not exceeding sixty days following termination of such person's employment;
- (3) any director, **Manager**, or trustee of the **Insured**, or person holding a similar position in an organization chartered in a jurisdiction other than the United States, other than a natural person described above in sub-parts (1) and (2) of this definition, when performing acts within the scope of the usual duties of an **Employee**, or while acting as a member of any committee duly elected or appointed by resolution of the board of directors, trustees or similar body of the **Insured** to perform specific directorial acts on behalf of the **Insured**;
- (4) a natural person provided to the **Insured** by an employment agency furnishing temporary personnel to perform employee duties for the **Insured** within the **Insured's Premises** on a temporary or part-time basis, including a natural person who is leased to the **Insured** under a **Written** agreement between the **Insured** and a labor leasing firm; provided, however, that this Policy 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 under any bond, indemnity or insurance held by the employment agency or labor leasing firm furnishing such personnel; and
- (5) an attorney retained by the **Insured**, and any employee of such attorney, while performing legal services for the **Insured**.

(N) **Employee Welfare and Pension Benefit Plan(s)** means any retirement or benefit plan listed in Item 5 of the Declarations that existed on the inception date of this Policy and thereafter or which is created or acquired after the inception of this Policy subject to the provisions of General Agreement (C). It shall not mean any multi-employer plan(s) unless the latter consists solely of **Insureds** covered by this Policy.

(O) **Forgery** means the signing of the name of another person or organization with a handwritten signature physically affixed to a **Written** document with intent to deceive. It 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.

(P) **Fraudulent Payment Instruction** means

- (1) a fraudulent electronic, telegraphic, cable, teletype or telephone instruction to a financial institution which purports to have been transmitted by the **Insured**, but which was in fact fraudulently transmitted by someone other than the **Insured** and without the **Insured's** knowledge or consent; or
- (2) a **Written** instruction (other than those described in Insuring Clause (D)) issued by the **Insured**, or which purports to have been issued by the **Insured**, but which bears or purports to bear the original handwritten signature of two authorized **Employees** and which was in fact fraudulently issued or was forged or altered by someone other than the **Insured** and without the **Insured's** knowledge or consent;

either of which instruction directs the financial institution to initiate a payment from a **Transfer Account**.

- (Q) **Guest** means any person visiting the premises of the **Insured** or a residence occupied by any **Insured Person**.
- (R) **Hijack** means the illegal holding under duress, for a period in excess of six hours, of an **Insured Person** while traveling on any aircraft, motor vehicle or waterborne vessel.
- (S) **Insured** means the entity named in the Declarations and any of its **Subsidiary** companies.
- (T) **Insured Person** means any director, trustee, officer, **Employee**, partner or **Manager** of the **Insured**, or any relative or other resident in the household of such **Insured Person**.
- (U) **Insured Premises** means that portion of the interior of any building occupied by the Insured in conducting its business.
- (V) **Kidnap** means the illegal actual or alleged taking and holding captive of one or more **Insured Persons** by persons who then specifically demand assets of the **Insured** or an **Insured Person** a ransom as a condition of the release of such captive.
- (W) **Manager** means a person serving in a directorial capacity for a limited liability company.
- (X) **Member** means an owner of a limited liability company represented by its membership interest.
- (Y) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency and travelers checks, register checks and money orders held for sale to the public.
- (Z) **Policy Period** is defined in Section V. CONDITIONS (B)(1).
- (AA) **Robbery** means the unlawful taking of **Money**, **Securities** or other property from the care and custody of a person authorized by the **Insured** to have such property (except a person acting as a porter, janitor or watchman) by one who has caused or threatened to cause that person bodily harm or committed an obviously unlawful act witnessed by that person.
- (BB) **Safe Burglary** means the taking of **Money**, **Securities** or other property from:
- (1) within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - (2) the actual taking of the safe or vault from inside the **Insured Premises**;
- when all doors thereof are duly closed and locked by at least one combination or time lock.
- (CC) **Securities** mean **Written** negotiable and nonnegotiable instruments or contracts representing either **Money** or property and includes:
- (1) tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - (2) evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**;
- but does not include **Money**.
- (DD) **Single Loss** is defined in Section V. CONDITIONS (B)(4).

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(EE) **Subsidiary**, in the singular or plural, means:

- (1) an entity in which, on the inception date of this Policy and thereafter, the named **Insured** shown in the Declarations owns or controls directly or indirectly:
  - (a) more than 50% of the outstanding voting securities representing the present right to vote for election of directors or trustees; or
  - (b) the right to elect, appoint or designate more than 50% of the entity's **Managers** if such entity is a limited liability company; or
  - (c) any foundation, charitable trust or political action committee.

(FF) **Theft** means the intentional unlawful taking of **Money, Securities** or other property to the deprivation of the **Insured** or, solely for the purposes of:

- (1) Insuring Clause (A)(2), to the deprivation of a **Customer** or **Client** of the **Insured**; or
- (2) Insuring Clause (G), to the deprivation of an **Employee Welfare and Pension Benefit Plan**.

(GG) **Transfer Account** means an account maintained by the **Insured** at a financial institution from which the **Insured** can initiate the transfer, payment or delivery of **Money** or **Securities**:

- (1) by means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly or through an electronic funds transfer system; or
- (2) by means of written instructions (other than those described in Insuring Clause (D)) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system;

provided the **Transfer Account** is supported by a **Written** agreement between the **Insured** and a financial institution that authorizes the institution to rely on such instructions to make transfers, establishes the names of the **Insured's Employees** authorized to initiate such **Transfer Account** and also establishes an instruction verification procedure other than voice recognition.

(HH) **Written** means printed, typewritten or otherwise intentionally reduced to tangible form. It does not include an electronic record that consists of information which is created, generated, sent, communicated, received, or stored by electronic means and is retrievable in perceivable form.

#### IV. EXCLUSIONS

This Policy does not cover:

- (A) loss resulting directly or indirectly from war (whether or not declared); 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;
- (B) loss resulting directly or indirectly from **Theft, Forgery** or any other fraudulent, dishonest or criminal act committed by the **Insured**, any partner of the **Insured**, or any **Member** whether acting alone or in collusion with others;
- (C) any expenses incurred by the **Insured** in establishing the existence or the amount of any loss covered under this Policy, unless covered under Insuring Clause (K);
- (D) loss of income, whether or not earned or accrued, or potential income, including interest and dividends, not realized by the **Insured** as the result of any loss covered under this Policy;

- (E) damages of any type, including punitive, exemplary, and the multiplied portion of multiplied damages, for which the **Insured** is legally liable, except direct compensatory damages, but not multiples thereof, resulting from a loss covered under this Policy;
- (F) indirect or consequential loss of any nature;
- (G) loss resulting directly or indirectly from any disclosure of any confidential information, including trade secret information, computer programs, confidential processing methods or other confidential information or intellectual property of any kind;
- (H) loss of any intangible property;
- (I) loss of, or damage to, manuscripts, records, accounts, microfilm, tapes or other records, whether **Written** or electronic, or the cost of reproducing any information contained in such lost or damaged records, except when covered under Insuring Clause (E)(2);
- (J) loss, or that part of any loss, the proof of which is dependent solely upon:
  - (1) a profit and loss computation or comparison; or
  - (2) a comparison of inventory records with an actual physical count; provided, however, that where the **Insured** establishes wholly apart from such comparison that it has sustained a loss covered under Insuring Clauses (A)(1) or (A)(2), and has identified the **Employee** involved, then it may offer its inventory records and actual physical count of inventory in support of the amount of loss claimed;
- (K) with respect to Insuring Clauses (A)(1) or (A)(2) only, loss caused by any broker, factor, commission merchant, consignee, independent contractor or other agent or representative of the same general character;
- (L) loss resulting directly or indirectly from trading whether or not in the name of the **Insured** and whether or not in a genuine or fictitious account, unless covered under Insuring Clause (A)(1);
- (M) loss resulting directly or indirectly from **Theft, Forgery, Computer Crime** or any other fraudulent, dishonest or criminal act by any **Employee**, director, trustee, **Manager** or authorized representative of the **Insured** whether acting alone or in collusion with others, unless covered under Insuring Clauses (A)(1), (A)(2), or (G);
- (N) loss resulting directly or indirectly from fire, except:
  - (1) loss of or damage to **Money** or **Securities**; or
  - (2) damage to any safe or vault caused by the application of fire thereto for the purpose of **Safe Burglary** when covered under Insuring Clause (B);
- (O) loss resulting directly or indirectly from the giving or surrendering of **Money, Securities** or other property in any exchange or purchase, whether or not fraudulent, with any other party not in collusion with an **Employee** except when covered under Insuring Clause (H);
- (P) loss of **Money, Securities** or other property while in the mail;
- (Q) loss of **Money, Securities** or other property while in the custody of any bank, trust company, similarly recognized place of safe deposit or armored motor vehicle company unless the loss is in excess of the amount recovered or received by the **Insured** under:
  - (1) the **Insured's** contract, if any, with, or insurance carried by, any of the foregoing; or

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- (2) any other insurance or indemnity in force which would cover the loss in whole or in part, in which case this Policy shall cover only such excess;
- (R) loss resulting directly or indirectly from nuclear reaction, nuclear radiation, radioactive contamination, biological or chemical contamination or to any act or condition incident to any of the foregoing;
- (S) loss of **Money, Securities** or other property resulting directly or indirectly from **Kidnap**, ransom or other extortion payments (as distinguished from the proceeds of a **Robbery**) surrendered to any person as a result of a threat to do:
  - (1) bodily harm to any person; or
  - (2) damage to the **Premises** or other property owned by the **Insured** or held by the **Insured** in any capacity, unless covered under Insuring Clause (F);
- (T) loss resulting directly or indirectly from **Forgery** or alteration, except when covered under Insuring Clauses (A)(1), (A)(2) or (D);
- (U) loss resulting directly or indirectly from **Computer Theft**, except when covered under Insuring Clauses (A)(1), (A)(2), (E) or (I);
- (V) damages resulting directly or indirectly from any civil, criminal or other legal proceeding in which the **Insured** is adjudicated to have engaged in racketeering activity, except when the **Insured** establishes that the act or acts giving rise to such damages were committed by an **Employee** under circumstances which result directly in a loss to the **Insured** covered by Insuring Clause (A)(1), (A)(2) or (G). For the purposes of this exclusion, "racketeering activity" is defined in 18 United States Code 1961 et seq., as amended;
- (W) loss of, or damage to, motor vehicles, trailers or semi-trailers or equipment and accessories attached to them, except when covered under Insuring Clause (A)(1); or
- (X) loss under Insuring Clauses (B) or (C) resulting directly or indirectly from:
  - (1) an accounting or arithmetical error or omission;
  - (2) the loss of property from within any money operated device, unless the amount of **Money** deposited in it is recorded by a continuous recording device; or
  - (3) anyone, acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or
- (Y) loss resulting directly or indirectly from the diminution in value of **Money, Securities** or other property.

## V. CONDITIONS

### (A) OTHER INSURANCE

Coverage afforded hereunder shall apply only as excess over any other valid and collectible insurance or indemnity obtained by the **Insured**, or by any other party at interest or in any way involved in any loss covered by this Policy. As excess insurance, this Policy shall not apply or contribute to the payment of any loss until the amount of such other insurance or indemnity shall have been exhausted by loss covered thereunder.

However, if this Policy replaces prior insurance that provided the **Insured** with an extended period of time after the end of such prior insurance in which to discover loss, then, and only as respects to loss discovered during that extended period, the coverage afforded by this Policy shall be limited as follows:

(1) if the prior insurance was not issued by the Underwriter or one of its affiliates, the Underwriter shall have no liability for loss that was:

- (i) covered under such prior insurance, or would have been covered under such prior insurance but for the fact that the amount of such loss exceeded the applicable limit of insurance, and
- (ii) discovered by the **Insured** during that extended period,

unless the amount of such loss exceeds the limit of insurance of that prior insurance. In that case, the Underwriter will pay for the excess of such loss subject to the terms and conditions of this Policy;

(2) any payment the Underwriter shall make for such excess loss will not be greater than the difference between the Limit of Insurance of the **Insured's** prior insurance and the applicable Single Loss Limit of Indemnity of this Policy. The Underwriter shall not apply the applicable Insuring Clause Deductible Each and Every Loss of this Policy to such excess loss; and

(3) if the prior insurance was issued by the Underwriter or one of its affiliates, then such prior insurance, and such extended period, shall terminate as of the inception of this Policy and such prior insurance shall not cover any loss first discovered or noticed to the Underwriter or one of its affiliates after the inception of this Policy. In consideration of the issuance of this Policy, the **Insured** will be deemed to have given notice of termination of such prior insurance, and any such extended period, effective on the inception date and time of this Policy. The Underwriter's Limit of Indemnity for such loss shall be the applicable Limit of Indemnity shown in the Table of Single Loss Limits of Indemnity of this Policy, subject to the Limit of Indemnity provisions, below, and in no event shall the Underwriter and its affiliates pay more than the greater of:

- (i) the applicable Limit of Indemnity or Limit of Liability of that prior insurance; or
- (ii) the applicable Limit of Indemnity of this Policy.

**(B) POLICY PERIOD - LIMIT OF INDEMNITY- NON-ACCUMULATION OF LIABILITY**

(1) **Policy Period**

The term **Policy Period** as used in the Declarations shall mean the period of one year following the effective date and time of this Policy or any annual anniversary thereof, or if the time between the effective or annual anniversary date and the termination date of the Policy is less than one year, then such lesser period.

(2) **Single Loss Limit of Indemnity**

The Underwriter's liability for each **Single Loss**, subject to the Special Limit of Indemnity for Specified Other Property provision within this Condition, shall not exceed the applicable Single Loss Limit of Indemnity shown in the Table of Single Loss Limits of Indemnity irrespective of the total amount of such loss or losses. If a **Single Loss** is comprised of loss or losses covered under more than one Insuring Clause, the maximum amount payable with respect to such loss shall not exceed the largest amount available under any one applicable Insuring Clause.

(3) **Special Limit of Indemnity for Specified Other Property**

The Underwriter's liability under Insuring Clauses (B) and (C) shall be limited to twenty-five thousand dollars (\$25,000), unless another amount is specified by endorsement to this Policy, for the loss of precious metals, precious or semi-precious stones, pearls, furs or completed articles made of or containing such materials that constitute more than half the value of such articles as respects such items involved in any **Single Loss**.

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(4) Single Loss Defined

**Single Loss** means the following, including court costs and attorneys' fees:

- (a) all covered loss or losses caused by or involving one or more **Employees**, whether the result of a single act or series of related acts as respects Insuring Clauses (A)(1) and (A)(2);
- (b) as respects Insuring Clause (D), all covered loss or losses caused by any person or in which that person is involved, whether the loss involves one or more instruments; or
- (c) as respects all other Insuring Clauses, all covered loss or losses caused by:
  - (i) an act or series of related acts, involving one or more persons;
  - (ii) an act or acts involving a person or group of persons acting together; or
  - (iii) an act, event, or series of related acts or events, not involving any identifiable person.

(5) Non-Accumulation of Liability

The Underwriter's Single Loss Limit of Indemnity shall not be cumulative in amount from **Policy Period to Policy Period** regardless of the number of years this Policy shall be in force, the number of times this Policy may be renewed or the number of premiums which shall be payable or paid.

(C) **EMPLOYEE WELFARE AND PENSION BENEFIT PLAN(S)**

If more than one plan subject to the Employee Retirement Income Security Act of 1974 and its amendments (ERISA) is covered under Insuring Clause (G), the **Insured** shall purchase a Single Loss Limit of Indemnity for such Insuring Clause sufficient to provide the minimum amount of coverage required by ERISA for each plan as if each were insured separately.

In compliance with Title 1 of ERISA, payment by the Underwriter to the first named **Insured** in Item 1 of the Declarations shall be held by such **Insured** for the use and benefit of the **Employee Welfare or Pension Benefit Plan(s)** sustaining such loss. If such payment is in excess of the amount of coverage required by ERISA for such plans, such excess shall be held for the use and benefit of any other such plans should they also discover loss recoverable hereunder. If **Money, Securities** and other property of two or more **Employee Benefit or Pension Benefit Plan(s)** are 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 ERISA.

(D) **DISCOVERY**

This Policy only applies to loss discovered by the **Insured** during the **Policy Period** or any Extended Discovery Period. Discovery occurs when a titled officer, office manager, risk manager or any director of the **Insured**, or the highest ranking **Employee** at the office or premises where such **Employee** performs the majority of his or her duties for the **Insured**, including similar positions of any **Insured** that is a limited liability company or chartered in a jurisdiction other than the United States, first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this Policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known. Discovery also occurs when any of the above receives notice of an actual or potential claim in which it is alleged that the **Insured** is liable to a third party under circumstances that, if true, would constitute a loss under this Policy.

(E) **NOTICE / PROOF OF LOSS**

- (1) At the earliest practicable moment, not to exceed 90 days, after discovery of loss, the **Insured** shall give the Underwriter notice thereof.
- (2) Within 6 months after such discovery, the **Insured** shall furnish to the Underwriter a proof of loss, duly sworn to, with full particulars.



- (3) Lost **Securities** listed in a proof of loss shall be identified by certificate or bond numbers if such **Securities** were issued therewith.
- (4) Legal proceedings for the recovery of any loss hereunder shall not be brought prior to the expiration of 60 days after the original proof of loss is filed with the Underwriter or after the expiration of 24 months from the discovery of such loss, except that any action or proceeding to recover hereunder on account of any judgment against the **Insured** in any suit mentioned in General Agreement (A), or to recover attorney's fees paid in any such suit, shall be brought within 24 months from the date upon which the judgment and such suit shall become final.
- (5) If any limitation of time embodied in this Policy is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- (6) The **Insured** shall, in the time and in the manner prescribed in this Policy, give the Underwriter notice of any loss of the kind covered by the terms of this Policy:
  - (i) under Insuring Clauses A(1), A(2) and (G) even if the amount of the loss does not exceed the Deductible Each and Every Loss amount; and
  - (ii) under the remaining Insuring Clauses that exceeds 25% of the deductible amount applicable to such loss;whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

(F) **VALUATION**

Any loss of **Money**, or loss payable in **Money**, shall be paid, at the option of the **Insured**, in the **Money** of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange published in the Wall Street Journal on the day any loss involving foreign currency is discovered.

(1) Securities

The Underwriter shall settle in kind its liability under this Policy on account of a loss of any **Securities** or, at the option of the **Insured**, shall pay to the **Insured** the cost of replacing such **Securities**, determined by their highest quoted market value at any time between the business day next preceding the discovery of the loss and the day on which the loss is settled. In case of a loss of subscription, conversion or redemption privileges through the misplacement or loss of **Securities**, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such **Securities** cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this Policy is subject to a Single Loss Deductible Amount or is not sufficient in amount to indemnify the **Insured** in full for the loss of **Securities** for which claim is made hereunder, the liability of the Underwriter under this Policy is limited to the payment for, or the duplication of, so much of such **Securities** as has a value equal to the amount of such applicable coverage.

If, at the request of the Underwriter, the **Insured** or any customer of the **Insured** shall become Principal upon any bonds, or shall give any undertakings, required as a prerequisite to the reissuing or duplicating of any **Securities** for the loss of which the Underwriter is liable under this Policy, the Underwriter will become surety upon such bonds or undertakings without premium charge and will indemnify the **Insured** or such customer against any loss which the **Insured** or such customer may sustain by reason of having become Principal upon any such bonds or having given any such undertakings. The amount of indemnity under this paragraph shall not exceed the amount stated in the Table of Single Loss Limits of Indemnity for the applicable Insuring Clause.

(2) Books of Account and Other Records

In case of loss of, or damage to, any books of account or other records used by the **Insured** in its business, the Underwriter shall be liable under this Policy only if such books or records are actually reproduced and then for not more than the cost of the blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such books and other records.

(3) Electronic Data

In case of loss of **Electronic Data**, the Underwriter shall be liable under this Policy only if such data is actually reproduced by other **Electronic Data** of the same kind or quality and then for not more than the cost of labor for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such **Electronic Data** subject, of course, to the applicable Limit of Indemnity. However, if such **Electronic Data** cannot be reproduced and said **Electronic Data** represents **Securities** or financial instruments having a value, then the loss will be valued as indicated in the other paragraphs of this Condition.

(4) Property other than Money, Securities, Records or Electronic Data

In case of loss of or damage to any property that is not **Money, Securities**, books of account or other records or **Electronic Data**, the Underwriter shall not be liable for more than the replacement cost of such property without deduction for depreciation. The Underwriter may, at its election, pay the actual replacement cost of, replace or repair such property. Disagreement between the Underwriter and the **Insured** as to the replacement value or as to the adequacy of repair or replacement shall be resolved by arbitration. The Underwriter's liability however, shall be limited to the lesser of:

- (a) the limit of indemnity of the applicable Insuring Clause;
- (b) the cost to replace the lost or damaged property with property of comparable material and quality that is used for the same purpose; or
- (c) the amount actually spent that is necessary to repair or replace the lost or damaged property;

and only if such property is actually repaired or replaced. In all other instances, the Underwriter shall only be liable for the actual cash value of the property that is not repaired or replaced. The **Insured's** ownership interest in property paid for by the Underwriter or replaced by the Underwriter or **Insured** shall be assigned to the Underwriter.

(G) **OWNERSHIP**

The Underwriter's liability under this Policy for purposes of all Insuring Clauses other than (A)(2), shall only apply to **Money, Securities** or other property:

- (a) owned or leased by the **Insured**,
- (b) held by the **Insured** in any capacity, or
- (c) for which the **Insured** is legally liable, except for **Money, Securities** or other property from the **Premises** of a **Customer** or **Client**.

(H) **DEDUCTIBLE**

The Underwriter shall be liable hereunder only for the amount by which any **Single Loss**, as defined in Condition (B), exceeds the Deductible Each and Every Loss for the Insuring Clause applicable to such loss, subject to the applicable Single Loss Limit of Indemnity.

(I) **CANCELLATION OR TERMINATION OF POLICY**

This Policy shall be cancelled upon receipt by the Underwriter of written notice of such cancellation from the **Insured**.

This Policy terminates as an entirety at the time and date set forth in the Declarations or at the effective date that the first named **Insured** is acquired by another entity. If no time and date is set forth in the Declarations, this Policy will remain in effect until cancelled.

The Underwriter may cancel this Policy by mailing or delivering **Written** notice of cancellation to the first named **Insured** at the address in Item 1 of the Declarations at least ten days before the effective date of cancellation, if cancellation is for nonpayment of premium or ninety days before the effective date of cancellation, if cancellation is for any other reason.

Notice of cancellation will state the effective date of cancellation. The Policy will end on that date. If notice is mailed, proof of mailing will be sufficient proof of notice.

The Underwriter will refund any premium due to the first named **Insured**, which refund shall be calculated on a pro rata basis if the Policy has been canceled by the Underwriter, and on a short rate basis, if the Policy has been canceled by the **Insured**. Such payment shall be made as soon as practicable.

**(J) TERMINATION AS TO ANY EMPLOYEE**

This Policy terminates as to any **Employee**:

- (1)
  - (a) as soon as any titled officer, office manager, risk manager, human resource staff member, director or **Manager** of the **Insured**, or the highest-ranking **Employee** at the office or premises where such **Employee** performs the majority of his or her duties for the **Insured** (including similar positions of any **Insured** chartered in a jurisdiction other than the United States) not in collusion with such person, learns of any dishonest or fraudulent employment related act; or
  - (b) 60 days after any titled officer, office manager, risk manager, human resource staff member, director or **Manager** of the **Insured**, or the highest-ranking **Employee** at the office or premises where such **Employee** performs the majority of his or her duties for the **Insured** (including similar positions of any **Insured** chartered in a jurisdiction other than the United States) not in collusion with such person, learns of any dishonest or fraudulent non-employment related act;

either of which were committed by such **Employee**:

- (i) in the service of the **Insured** or otherwise during the term of employment by the **Insured**; or
  - (ii) prior to employment with the **Insured**, provided that such non-employment related act involved **Money, Securities** or other property valued at \$5,000 or more, whether or not any such acts in (1)(a) or (1)(b) above are of the type covered under this Policy or committed against the **Insured** or any other entity, without prejudice to the loss of any property then in transit in the custody of such person; or
- (2) 60 days after the receipt by the **Insured** of a **Written** notice from the Underwriter of its desire to cancel this Policy as to such person.

However, termination of this Policy as to any **Employee** as set forth in (1) of the preceding paragraph, shall not apply to any such person provided the **Insured** shall have received and maintains an original letter signed by a prior insurer reinstating coverage for such individual for whom the **Insured** discovered had committed a dishonest or fraudulent act prior to the effective date of this Policy.

**(K) RIGHTS TO PURCHASE EXTENDED DISCOVERY PERIOD**

At any time prior to the termination or cancellation of this Policy as an entirety, whether by the **Insured** or the Underwriter, except for non-payment of premium, the **Insured** may give to the Underwriter **Written** notice that it shall pay an additional premium and receive under this Policy an additional period of 12 months within which to discover loss sustained by the **Insured** prior to the effective date of such termination or cancellation.

The entire premium for the additional discovery period shall be deemed fully earned and non-refundable upon payment.

Upon receipt of such notice from the **Insured**, the Underwriter shall give its **Written** consent thereto; provided, however, that such additional period of time shall terminate immediately:

- (1) on the effective date of any other insurance obtained by the **Insured**, its successor in business or any other party, replacing in whole or in part the insurance afforded by this Policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date; or
- (2) upon any takeover of the **Insured's** business by any state or federal official or agency, or by any receiver or liquidator acting or appointed for this purpose;

without the necessity of the Underwriter giving notice of such termination.

The right to purchase such additional period for the discovery of loss may not be exercised by any state or federal official or agency, or by any receiver or liquidator, acting or appointed to take over the **Insured's** business for the operation or for the liquidation thereof or for any other purpose.

The Underwriter's total liability for all loss discovered during such additional period of time shall be a part of, and not in addition to, the Single Loss Limit of Indemnity of the **Policy Period** that terminated immediately before the effective date of such additional period.

**(L) ASSIGNMENT - SUBROGATION - RECOVERY - COOPERATION - APPLICATION OF RECOVERIES**

(1) Assignment

In the event of payment under this Policy, the **Insured** shall deliver, if so requested by the Underwriter, an assignment of such of the **Insured's** rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.

(2) Subrogation

In the event of payment under this Policy, the Underwriter shall be subrogated to all of the **Insured's** rights of recovery against any person or entity to the extent of such payment.

(3) Recovery

Recoveries, whether effected by the Underwriter or by the **Insured**, shall be applied net of the expense of such recovery first to the satisfaction of the **Insured's** loss which would otherwise have been paid but for the fact that it is in excess of the Single Loss Limit of Indemnity; secondly, to the Underwriter as reimbursement of amounts paid in settlement of the **Insured's** claim; and thirdly, to the **Insured** in satisfaction of any Deductible Amount. Recovery on account of loss of **Securities** as set forth in Condition (F) or recovery from reinsurance or indemnity of the Underwriter shall not be deemed a recovery as used herein.

(4) Cooperation

Upon the Underwriter's request and at reasonable times and places designated by the Underwriter, the **Insured** shall submit to examination by the Underwriter and subscribe to the same under oath, produce for the Underwriter's examination all pertinent records and cooperate with the Underwriter in all matters pertaining to the loss.

The **Insured** shall execute all papers and render assistance to secure to the Underwriter the rights and causes of action provided for herein. The **Insured** shall do nothing after discovery of loss to prejudice such rights or causes of action.

(5) Valuation of Recoveries

In determining the amount of any loss covered under this Policy, all **Money, Securities** and other property received by the **Insured** from any source whatsoever in connection with any matter from which a loss has arisen, including payments and receipts of principal, interest, dividends, commission, and the like, received prior to a loss settlement under this Policy, shall be deducted from the amount actually misappropriated or otherwise lost or stolen. The value of all property received by the **Insured** from any source whatever and whenever received, in connection with any matter from which a loss has arisen, shall be valued as of the date received and shall be deducted from the claimed loss.

**(M) ARBITRATION**

In the event of any dispute between the Underwriter and the **Insured** as to any matters pertaining to a loss claimed under the Insuring Clauses, the Underwriter shall, at the request of the **Insured**, agree to the submission of any such dispute involving any loss which exceeds the applicable deductible to binding arbitration in accordance with the rules of the American Arbitration Association. However, arbitration shall not be available to any **Insured** if such a proceeding is contrary to any statutory or insurance regulation prohibiting such an election.

**(N) LIBERALIZATION**

If, within 45 days prior to or during the **Policy Period**, the Underwriter adopts any non-premium bearing revision to this Policy that would broaden the coverage under this Policy, such broadened coverage will apply to this Policy as of the date the revision is approved for general use by the applicable department of insurance.

**(O) LIMITED USE AND BENEFIT**

This Policy is for the use and benefit only of the **Insured** and **Employee Welfare and Pension Benefit Plan(s)** named in the Declarations or scheduled in Item 5 thereof and the Underwriter shall not be liable hereunder for loss sustained by anyone other than the **Insured** or the **Employee Welfare and Pension Benefit Plan(s)**. No suit, action or legal proceedings shall be brought hereunder by any one other than the named **Insured**.

**(P) TITLES OF PARAGRAPHS**

The titles of the various paragraphs of this Policy and its endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.

IN WITNESS WHEREOF, the Underwriter has caused this Policy to be executed on the Declarations page.

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**TABLE OF SINGLE LOSS LIMITS OF INDEMNITY**

INSURING CLAUSE		SINGLE LOSS LIMIT OF INDEMNITY	DEDUCTIBLE EACH AND EVERY LOSS
(A)(1)	EMPLOYEE THEFT OR FORGERY		
(A)(2)	EMPLOYEE THEFT FROM CUSTOMER OR CLIENT PREMISES OR EMPLOYEE FORGERY OF CUSTOMER OR CLIENT PROPERTY		
(B)	PREMISES		
(C)	TRANSIT		
(D)	FORGERY		
(E)	COMPUTER CRIME & RESTORATION COSTS Coverage (E)(1) - Computer Crime Coverage (E)(2) - Restoration Costs		
			Same as Coverage (E)(1)
(F)	KIDNAP & EXTORTION INCLUDING E-COMMERCE EXTORTION THREATS		
(G)	EMPLOYEE WELFARE & PENSION BENEFIT PLAN(S)		
(H)	MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY		
(I)	FUNDS TRANSFER FRAUD		
(J)	CREDIT CARD FORGERY		
(K)	CLAIMS EXPENSE		

*Do not attach this form to a policy. It is for informational use only.*

*This Table of Single Loss Limits of Indemnity is only valid when attached to and issued with Form CL100 and CL102.*

*Do not attach this form to a policy. It is for informational use only.*