



## Commercial Crime Coverage Part

In consideration of the payment of the premium and subject to all terms, conditions and limitations of this Coverage Part, the **Insureds** and **Insurer** agree that the **Insurer** will pay for loss covered by an **Insuring Agreement** of this Coverage Part that the **Insured** sustains resulting directly from acts committed or events occurring at any time and discovered by the **Insured** during the Policy Period shown on the Declarations or during the period of time provided in **Section IV Conditions 1.i. Extended Period to Discover Loss.**

### Section I Insuring Agreements

#### 1. Employee Dishonesty

The **Insurer** shall pay loss resulting directly from dishonest acts committed by an **Employee**, whether identified or not, acting alone or in collusion with other persons, with the manifest intent to:

- a. cause the **Insured** to sustain loss; and
- b. obtain an improper financial benefit for:
  - (i) the **Employee**; or
  - (ii) any person or organization intended by the **Employee** to receive that benefit.

As used in this **Insuring Agreement**, an improper financial benefit does not include any employee benefits received in the course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions.

#### 2. Forgery or Alteration

- a. The **Insurer** shall pay for loss resulting directly from **Forgery** or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in **Money** that are:
  - (i) made or drawn by or upon the **Insured**; or
  - (ii) made or drawn by one acting as an agent of the **Insured**;  
or that purport to have been so made or drawn.
- b. If the **Insured** is sued for refusing to pay any instrument covered in paragraph 2.a. above on the basis that it has been forged or altered, and the **Insured** has the **Insurer's** written consent to defend against the suit, the **Insurer** shall pay for any reasonable legal expenses that the **Insured** incurs and pays in that defense. The amount that the **Insurer** shall pay for such legal expenses is in addition to the Limit of Liability applicable to this **Insuring Agreement**.

#### 3. Inside the Premises

- a. The **Insurer** shall pay for loss of **Cash** and **Securities** inside the **Premises** or **Banking Premises** resulting directly from **Theft**, disappearance or destruction. Provided, however, in the case of **Theft**, the **Theft** was committed by a person physically present in the **Premises** or **Banking Premises** at the time of loss of such **Cash** or **Securities**.
- b. The **Insurer** shall pay for loss of, and loss from damage to, **Other Property**:

- (i) inside the **Premises** resulting directly from an actual or attempted **Robbery** of a **Custodian**; or
  - (ii) inside the **Premises** in a safe or vault, resulting directly from an actual or attempted **safe burglary**.
- c. The **Insurer** shall pay for loss:
- (i) From damage to the **Premises** or its exterior; or
  - (ii) Of and from damage to a locked safe, vault, cash register, cash box or cash drawer located in the **Premises**;

resulting directly from an actual or attempted **Theft, Robbery** or **Safe Burglary**, if the **Insured** is the owner of the **Premises** or are liable for damage to it.

#### 4. **Outside the Premises**

The **Insurer** shall pay for loss of, and loss from damage to, **Cash, Securities** and **Other Property** outside the **Premises** while in the care and custody of a **Messenger** or armored motor vehicle company for:

- a. **Cash** and **Securities** resulting from **Theft**, disappearance or destruction; and
- b. **Other Property** resulting from actual or attempted **Robbery**.

#### 5. **Computer Fraud**

The **Insurer** shall pay for loss resulting directly from the use of any computer to impersonate the **Insured**, or the **Insured's** authorized officer or **Employee**, to gain direct access to the **Insured's** computer system, or to the computer system of the **Insured's** financial institution, and thereby fraudulently cause the transfer of **Money, Securities** or **Other Property** from the **Insured's Premises** or **Banking Premises** to a person, entity, place or account outside of the **Insured's** control.

#### 6. **Money Orders and Counterfeit Paper Currency**

The **Insurer** shall pay for loss resulting directly from the **Insured's** having accepted in good faith and in the regular course of business, in exchange for merchandise, **Money** or services:

- a. money orders issued by any post office, express company or bank in the United States or Canada that are not paid upon presentation; or
- b. **Counterfeit** United States or Canadian paper currency.

## Section II **Definitions**

For purposes of this Coverage Part:

1. **"Banking Premises"** shall mean the interior of that portion of any building occupied by a financial institution with which the **Insured** has an account or which has custody of the **Insured's Money** or **Securities**.
2. **"Cash"** shall mean United States or Canadian bills and coins in current use and having a face value that are accepted by the United States or by the government of Canada as legal tender for the payment of debts.
3. **"Counterfeit"** shall mean an imitation of an actual valid original which is intended to deceive and to be taken as the original.

4. **“Custodian”** shall mean the **Insured**, any of the **Insured’s** partners or any **Employee** while having care or custody of property inside the **Premises**, excluding any person while acting as a **Watchperson** or janitor.
5. **“Employee”** shall mean:
  - a. Any natural person:
    - (i) While in the service of the **Insured** or for thirty (30) days after termination of service; and
    - (ii) Who the **Insured** compensates directly by salary, wages or commissions; and
    - (iii) Who the **Insured** has the right to direct and control while performing services for the **Insured**.
  - b. Any natural person who is furnished to the **Insured** to:
    - (i) Substitute for a permanent **Employee** as defined in 5.a. above who is on leave; or
    - (ii) Meet seasonal or short-term workload conditions;while that person is subject to the **Insured’s** direction and control and performing services for the **Insured** excluding, however, any such person while having care or custody of property outside the **Premises**.
  - c. Any natural person who is:
    - (i) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any **Employee Benefit Plan(s)** insured under this insurance; and
    - (ii) The **Insured’s** director or trustee while that person is handling **Funds** or **Other Property** of any **Employee Benefit Plan(s)** insured under this insurance.
  - d. Any natural person who is a partner in a partnership that is an **Insured**.
  - e. **Employee** shall not mean any:
    - (i) Agent, broker, person leased to the **Insured** by a labor leasing firm (except when furnished on a temporary basis under the circumstances set forth in this **Definition 5. b.**), factor, commission merchant, consignee, independent contractor or representative of the same general character; or
    - (ii) Director or trustee except while performing acts within the scope of the usual duties of an employee.
6. **“Employee Benefit Plan(s)”** shall mean any welfare or pension benefit plan listed in the Declarations that is subject to the Employee Retirement Income Security Act of 1974 (ERISA).
7. **“Forgery”** shall mean the signing of the name of another person or organization 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.
8. **“Insured”** shall mean the Company shown in Item 1. of the Declarations.
9. **“Insurer”** shall mean the Insurance Company shown in Item 2. of the Declarations.
10. **“Messenger”** shall mean the **Insured**, any of the **Insured’s** partners or **Employees** while having care and custody of property outside the **Premises**.
11. **“Money”** shall mean:
  - a. **Cash**;

- b. Demand and savings deposits at financial institutions; and
  - c. Travelers checks, register checks and money orders held for sale to the public.
12. **“Occurrence”** shall mean:
- a. As respects **Insuring Agreement 1.**, all loss or losses caused by, or involving, any one **Employee**, acting alone or in collusion with others.
  - b. As respects **Insuring Agreement 2.**, all loss or losses caused by any person or in which that person is involved, whether the loss involves one or more instruments.
  - c. As respects all other **Insuring Agreements**, all loss or losses caused by:
    - (i) Any number of acts, involving one person whether acting alone or in collusion with others;
    - (ii) Any number of acts involving a group of persons acting together; or
    - (iii) An act or event, or any number of related acts or events, not involving any identifiable person.
13. **“Other Property”** shall mean any tangible property other than **Money** and **Securities** that has intrinsic value but does not include any property excluded under this insurance.
14. **“Payment Order”** shall mean an instruction of a sender to a receiving bank, transmitted orally, electronically, or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a another person.
15. **“Premises”** shall mean the interior of that portion of any building the **Insured** occupies in conducting its business.
16. **“Robbery”** shall mean the taking of property from the care and custody of a person by one who has:
- a. Caused or threatened to cause that person bodily harm; or
  - b. In the presence of that person, caused or threaten to cause bodily harm to someone else.
17. **“Safe Burglary”** shall mean the taking of:
- a. Property from 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
  - b. A safe or vault on the **Premises** by a person without the **Insured’s** permission.
18. **“Securities”** shall mean negotiable and nonnegotiable instruments or contracts representing either **Money** or property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**;  
but does not include **Money**.
19. **“Security Procedure”** shall mean a procedure established by agreement of the **Insured** and its customer or financial institution for the purpose of (i) verifying that a **Payment Order** is that of the **Insured**, or (ii) detecting error in the transmission or the content of the **Payment Order** or communication. A **Security Procedure** may require the use of algorithms or other codes, identifying words or numbers, encryption, callback procedures, or similar security devices.
20. **“Theft”** shall mean any act of stealing.

21. **“Watchperson”** means any person that the **Insured** retains specifically to have care and custody of property on the **Premises** and who has no other duties.

### Section III Exclusions

#### 1. Exclusions Applicable to All Insuring Agreements Except as Indicated

The **Insurer** shall not pay for loss as specified below:

**a. Acts Committed by the Insured or the Insured’s Partners**

Loss resulting from any dishonest or criminal act committed by the **Insured** or any of the **Insured’s** partners, except a partner who has been included as an **employee** by endorsement hereto, whether acting alone or in collusion with other persons.

**b. Acts of Employees, Directors, Trustees or Representatives**

Loss resulting from any dishonest act committed by any of the **Insured’s Employees**, directors, trustees or authorized representatives:

- (i) acting alone or in collusion with other persons; or
- (ii) while performing services for the **Insured** or otherwise;

except when covered under **Insuring Agreement 1**.

**c. Fire**

Loss from damage to the **Premises** resulting from fire, however caused.

**d. Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

**e. Indirect Loss**

Loss that is an indirect result of any act or **Occurrence** covered by this Coverage Part including, but not limited to, loss resulting from:

- (i) The **Insured’s** inability to realize income that the **Insured** would have realized had there been no loss;
- (ii) Payment of damages of any type for which the **Insured** is legally liable unless the **Insured** establishes that the act or acts that gave rise to the damages involved conduct which caused a covered loss of **Money, Securities or Other Property** which was in the **Insured’s** custody and control and for which the **Insured** was responsible prior to the loss; or
- (iii) Payment of costs, fees or other expenses the **Insured** incurs in establishing either the existence or the amount of loss under this insurance.

**f. Legal Expenses**

Expenses related to any legal action, except when covered under **Insuring Agreement 2**.

**g. Nuclear Chemical or Biological**

Loss resulting from nuclear reaction, nuclear radiation or radioactive, chemical or biological contamination, or any related act or incident.

**h. War and Similar Actions**

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

**i. Confidential Information**

Loss resulting from the theft, disappearance, destruction or disclosure of confidential information including, but not limited to, trade secrets, intellectual property, personal customer information,

customer lists, and a customer's personally identifiable financial or medical information, whether such confidential information is owned by the **Insured** or held by the **Insured** in any capacity including concurrently with another person. For purposes of **Insuring Agreement 5.**, confidential information cannot itself be the **Other Property** transferred, but a loss otherwise covered under **Insuring Agreement 5.** shall not be excluded by the fact that confidential information was used to gain access to the **Insured's** computer system, or to the computer system of the **Insured's** financial institution, in order to cause the fraudulent transfer.

**j. Data Breach Costs**

Expenses related to the **Insured's** obligations arising from a data security breach, including, but not limited to, forensic audit expenses, fines, penalties, expenses to comply with federal and state laws and Payment Card Industry Data Security Standards (if applicable) and expenses related to notifying affected individuals when the affected individuals' personally identifiable financial or medical information was stolen, accessed, downloaded or misappropriated while in the **Insured's** care, custody or control.

**k. Partner Loss**

Loss caused by any partner included as an **Employee** unless the amount of that loss exceeds the sum of:

- (i) any amounts the **Insured** owes that partner, plus
- (ii) the value of that partner's partnership interest in a partnership insured under this insurance as determined by the closing of that partnership's books on the date of discovery of the loss by that partnership or any of its partners not in collusion with the partner causing the loss, plus
- (iii) any applicable Deductible Amount.

**2. Exclusions Applicable to Specific Insuring Agreements**

The **Insurer** shall not pay for loss as specified below:

**a. Under Insuring Agreement 1**

**Employee Canceled Under Prior Insurance**

Loss caused by any **Employee** of the **Insured**, or predecessor in interest of the **Insured**, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

**b. Under Insuring Agreements 1 and 5**

**Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (i) An inventory computation; or
- (ii) A profit and loss computation.

**c. Under Insuring Agreements 3 and 4**

**(i) Accounting or Arithmetical Errors or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

**(ii) Money Operated Devices**

Loss of property contained in any **Money** operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.

**(iii) Transfer or Surrender of Property**

Loss of property after it has been transferred or surrendered to a person or place outside the **Premises** or **Banking Premises**:

1. On the basis of unauthorized instructions; or
2. As a result of a threat to do:
  - A. Bodily harm to any person; or
  - B. Damage to any property.

But, this exclusion does not apply under **Insuring Agreement 4**, to loss of **Money**, **Securities** and **Other Property** while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** if the **Insured**:

3. Had no knowledge of any threat at the time the conveyance began; or
4. Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**(iv) Vandalism**

Loss from damage to any safe, vault or **Other Property**, or to the **Premises** or its exterior, by vandalism or malicious mischief.

**d. Under Insuring Agreement 4**

**Motor Vehicles or Equipment and Accessories**

Loss of motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

**e. Under Insuring Agreements 3 and 4**

**(i) Exchanges or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

**(ii) Voluntary Parting of Title to or Possession of Property**

Loss resulting from the **Insured**, or anyone acting on the **Insured's** express or implied authority, being induced by any dishonest act to part voluntarily with title to or possession of any property.

**f. Under Insuring Agreement 5**

**(i) Failure to Follow Security Procedures**

1. Loss resulting from the **Insured's** failure to follow **Security Procedures** agreed to in writing with the **Insured's** customer or the **Insured's** financial institution;
2. Loss that would have been avoided if the **Insured** had accepted and followed commercially reasonable **Security Procedures** that the **Insured's** financial institution made available for the **Insured's** account or accounts involved in the loss; or
3. Loss resulting from the **Insured's** failure to comply with **Security Procedures** that the **Insured** represented to the **Insurer** the **Insureds** would follow.

**(ii) Debit and Credit Cards**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, or other cards.

## Section IV Conditions

### 1. Conditions Applicable to All Insuring Agreements

#### a. Cancellation

- (i) The first named **Insured** shown on the Declarations may cancel this Coverage Part by mailing or delivering to the **Insurer** advance written notice of cancellation.
- (ii) The **Insurer** may cancel this Coverage Part by mailing or delivering to the first named **Insured** written notice of cancellation at least:
  - 1. Ten (10) days before the effective date of cancellation if the **Insurer** cancels for nonpayment of premium; or
  - 2. Thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason.
- (iii) The **Insurer** will mail or deliver our notice to the first named **Insured's** last mailing address known to the **Insurer**.
- (iv) Notice of cancellation will state the effective date of cancellation. The Coverage Part Period will end on that date.
- (v) If this Coverage Part is canceled, the **Insurer** will send the first named **Insured** any premium refund due. If the **Insurer** cancels, the refund will be pro rata. If the first named **Insured** cancels, the refund may be less than pro rata. The cancellation will be effective even if the **Insurer** has not made or offered a refund.
- (vi) If notice is mailed, proof of mailing will be sufficient proof of notice.

#### b. Changes

This Coverage Part contains all the agreements between the **Insured** and the **Insurer** concerning the insurance afforded. The first named **Insured** shown on the Declarations is authorized on behalf of all **Insureds** to agree with the **Insurer** on changes in the terms of this Coverage Part. If the terms are changed, the changes will be shown in an endorsement issued by the **Insurer** and made a part of this Coverage Part.

#### c. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by the **Insured** as it relates to this Coverage Part at any time. It is also void if any **Insured**, at any time, intentionally conceals or misrepresents a material fact concerning:

- (i) This insurance;
- (ii) The covered property;
- (iii) The **Insured's** interest in the covered property; or
- (iv) A claim under this insurance.

#### d. Consolidation and Merger

If through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity any additional persons become **Employees** or the **Insured** acquires the use and control of any additional **Premises**:

- (i) The **Insured** must give the **Insurer** written notice and obtain the **Insurer's** written consent



to extend this Coverage Part to such additional **Employees** or **Premises**. The **Insurer** may condition its consent upon payment of an additional premium; but

- (ii) For the first sixty (60) days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, any insurance afforded for **Employees** or **Premises** also applies to these additional **Employees** or **Premises** for acts committed or events occurring within said sixty (60) day period.

**e. Deductible**

- (i) The **Insurer** will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Deductible Amount shown on the Declarations. The **Insurer** then will pay the amount of loss in excess of the Deductible Amount, up to the Limit of Liability. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount will be applied.
- (ii) For losses covered under **Insuring Agreement 1**, the **Insured** must:
  - 1. Give the **Insurer** notice as soon as possible even though the loss falls entirely within the Deductible Amount; and
  - 2. Upon the **Insurer's** request, give the **Insurer** a statement describing the loss.
- (iii) The deductible does not apply to loss sustained by any **Employee Benefit Plan(s)**.

**f. Discovery of Loss**

Discovery of loss occurs when the **Insured** first becomes aware of facts which would cause a reasonable person to assume that a loss covered by this Coverage Part has been or will be incurred, even though the exact amount or details of the loss may not then be known. Discovery also occurs when the **Insured** receives notice of an actual or potential claim against the **Insured** alleging facts that if true would constitute a covered loss under this insurance.

**g. Duties in the Event of Loss**

After the **Insured** discovers a loss or a situation that may result in a loss the **Insured** must:

- (i) Notify the **Insurer** as soon as possible;
- (ii) Submit to examination under oath at the **Insurer's** request and give the **Insurer** a signed statement of the **Insured's** answers;
- (iii) Give the **Insurer** a detailed, sworn proof of loss within 120 days; and
- (iv) Cooperate with the **Insurer** in the investigation and settlement of any claim.

**h. Employee Benefit Plan(s)**

- (i) If any **Employee Benefit Plan(s)** is insured jointly with any other entity under this insurance, the **Insured** or the plan administrator must select a Limit of Liability for **Insuring Agreement 1**, that is sufficient to provide a Limit of Liability for each plan that is at least equal to that required if each plan were separately insured.
- (ii) If the first named **Insured** is an entity other than a plan, any payment the **Insurer** makes to that **Insured** for loss sustained by any plan will be held by that **Insured** for the use and benefit of the plan(s) sustaining the loss.
- (iii) If two or more plans are insured under this insurance, any payment the **Insurer** makes for loss:
  - 1. Sustained by two or more plans; or
  - 2. Of commingled **Funds** or **Other Property** of two or more plans;

that arises out of one **Occurrence**, is to be shared by each plan sustaining loss in the proportion that the Limit of Liability required for each such plan bears to the total of those limits.

**i. Extended Period to Discover Loss**

- (i) The **Insurer** will pay for loss that the **Insured** sustained prior to the effective date of termination or cancellation of this insurance, which is discovered by the **Insured**
  - 1. Within (sixty) 60 days following the date of termination or cancellation; and
  - 2. As respects any **Employee Benefit Plan(s)**, within one year following the date of termination or cancellation.
- (ii) However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by the **Insured** replacing in whole or in part the insurance afforded by this Coverage Part whether or not such insurance provides coverage for loss sustained prior to its effective date.

**j. Joint Insured**

- (i) The first named **Insured** shown on the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums the **Insurer** pays.
- (ii) If more than one **Insured** is named on the Declarations, the first named **Insured** will act for itself and for every other **Insured** for all purposes related to this insurance. If the first named **Insured** ceases to be covered, then the next named **Insured** will become the first named **Insured**.
- (iii) If any **Insured** or partner or officer of that **Insured** has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every **Insured**.
- (iv) An **Employee** of any **Insured** is considered to be an **Employee** of every **Insured**.
- (v) If this Coverage Part or any of its coverage is canceled or terminated as to any **Insured**, **Section IV Conditions 1.i.. Extended Period to Discover Loss** applies separately to that **Insured**.
- (vi) The **Insurer** will not pay more for loss sustained by more than one **Insured** than the amount the **Insurer** would pay if all the loss had been sustained by one **Insured**.

**k. Legal Action Against the Insurer**

The **Insured** may not bring any legal action against the **Insurer** involving loss:

- (i) Unless the **Insured** has complied with all the terms of this Coverage Part; and
- (ii) Until ninety (90) days after the **Insured** has filed proof of loss with the **Insurer**; and
- (iii) Unless brought within two (2) years from the date the **Insured** discovers the loss.

**l. Limit of Liability**

The most the **Insurer** will pay for loss in any one **Occurrence** is the applicable Limit of Liability shown on the Declarations.

**m. Loss Covered Under More Than One Coverage**

If two or more coverages of this Coverage Part apply to the same loss, the **Insurer** will pay the lesser of:

- (i) The actual amount of loss; or
- (ii) The highest single Limit of Liability applicable to those coverages.

**n. Non-Cumulation of Limit of Liability**

Regardless of the number of years this Coverage Part remains in force or the number of premiums paid, no Limit of Liability cumulates from year to year or Coverage Part Period to Coverage Part Period.

**o. Other Insurance**

- (i) This Coverage Part does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this Coverage Part will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity. However, this Coverage Part will not apply to the amount of loss that is more than the applicable Limit of Liability shown on the Declarations.
- (ii) Under **Insuring Agreement 4.**, the **Insurer** will pay only for the amount of loss that the **Insured** cannot recover:
  - 1. Under the **Insured's** contract with the armored motor vehicle company; and
  - 2. From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**p. Ownership of Property, Interests Covered**

The property covered under this Coverage Part is limited to property:

- (i) That the **Insured** owns or holds; or
- (ii) That is owned and held by someone else under circumstances that made the **Insured** responsible for the property prior to, and independent of, the loss.

However, this Coverage Part is for the **Insured's** benefit only. It provides no rights or benefits to any other person or organization.

**q. Records**

The **Insured** must keep records of all covered property so the **Insurer** can verify the amount of any loss.

**r. Recoveries**

- (i) Recoveries, whether effected by the **Insured** or the **Insurer**, shall be applied, net of the expense of such recovery, in the following manner and order:
  - 1. To the satisfaction of the **Insured's** loss which would otherwise have been paid under this Coverage Part but for the fact that it is in excess of the Limit of Liability and the Deductible Amount, if any;
  - 2. Then to the **Insurer**, until the **Insurer** is reimbursed for the settlement made;
  - 3. Then to the **Insured**, until the **Insured** is reimbursed for that part of the loss equal to the Deductible Amount, if any;
  - 4. Then to the **Insured** for any loss not covered by this Coverage Part.
- (ii) Recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken for the **Insurer's** benefit.
- (iii) If original securities are recovered after duplicates of such securities have been issued, the original securities shall be surrendered to the **Insurer**.

**s. Territory**

Subject to the conditions below, this Coverage Part covers acts committed or events occurring worldwide, however if coverage under this Coverage Part would be in violation of any applicable economic or trade sanctions then such coverage will be null and void:

- (i) All losses and amounts payable under this Coverage Part shall be paid in, and with the currency of, the United States of America;
- (ii) It is agreed and understood that the exclusive jurisdiction and venue for any claim, appraisal, arbitration, suit, or other proceeding to which the **Insurer** may be a party shall be with those States in the United States of America that otherwise would have jurisdiction and venue over the **Insurer**, this Coverage Part, and such claim, appraisal, arbitration, suit, or other proceeding; and
- (iii) In the event a covered loss that is otherwise payable under this Coverage Part is not payable solely because the covered property is located in a "Controlled Territory," such amount that would otherwise be payable shall be payable to the Named Insured based on their financial interest in the subject property and loss. As used in this endorsement "Controlled Territory" means any country or territory that does not recognize or allow the coverage that was provided by this Coverage Part for the property and risks in their jurisdiction, but under no circumstances does it include any country, property, risks, or losses subject to any applicable economic or trade sanctions.

**t. Transfer of the Insured's Rights and Duties Under This Coverage Part**

The **Insured's** rights and duties under this Coverage Part may not be transferred without the **Insurer's** written consent.

**u. Transfer of the Insured's Rights of Recovery Against Others to the Insurer**

The **Insured** must transfer to the **Insurer** all the **Insured's** rights of recovery against any person or organization for any loss the **Insured** sustained and for which the **Insurer** has paid or settled. The **Insured** also must do everything necessary to secure those rights and do nothing after loss to impair the **Insurer's** actual or potential rights of recovery.

**v. Valuation — Settlement**

- (i) Subject to the applicable Limit of Liability provision the **Insurer** will pay for:
  - 1. Loss of **Money** but only up to and including its face value. The **Insurer** may, at its option, pay for loss of **Money** issued by any country other than the United States of America:
    - A. At face value in the **Money** issued by that country; or
    - B. In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
  - 2. Loss of **Securities** but only up to and including their value at the close of business on the day the loss was discovered. The **Insurer** may, at its option:
    - A. Pay the value of such **Securities**, or replace them in kind, in which event the **Insured** must assign to the **Insurer** all the **Insured's** rights, title and interest in and to those **Securities**; or
    - B. Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the **Securities**. However, the **Insurer** will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (a) Value of the **Securities** at the close of business on the day the loss was discovered; or
  - (b) Limit of Liability.
- 3. Loss of, or loss from damage to, **Other Property** or loss from damage to the **Premises** or its exterior for the replacement cost of the property without deduction for depreciation. However, the **Insurer** will not pay more than the least of the following:
  - A. The Limit of Liability applicable to the lost or damaged property;
  - B. The cost to replace the lost or damaged property with property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - C. The amount the **Insured** actually spends that is necessary to repair or replace the lost or damaged property.
- 4. The **Insurer** will not pay on a replacement cost basis for any loss or damage:
  - A. Until the lost or damaged property actually is repaired or replaced; and
  - B. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, the **Insurer** will pay on an actual cash value basis.
- (ii) The **Insurer** may, at its option, pay for loss of, or loss from damage to, property other than **Money**:
  - 1. In the **Money** of the country in which the loss occurred; or
  - 2. In the United States of America dollar equivalent of the **Money** of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
- (iii) Any property that the **Insurer** pays for or replaces becomes the **Insurer's** property.

## 2. Applicable to Specific Insuring Agreements

### a. Insuring Agreement 1 Cancellation as to Any Employee

Coverage under this Coverage Part is canceled as to any **Employee**:

- (i) Immediately upon discovery by:
  - 1. The **Insured**;
  - 2. Any of the **Insured's** partners, officers or directors not in collusion with the employee; or
  - 3. As to **Employee Benefit Plan(s)**, any trustee, fiduciary or plan administrator not in collusion with the **Employee**;

of any dishonest act committed by that **Employee** whether before or after becoming employed by the **Insured**. Whether such discovery occurs prior to or after commencement of this Coverage Part, there is no coverage under **Insuring Agreement 1** for loss or losses resulting from acts committed by that **Employee** after the date of such discovery.

- (ii) On the date specified in a notice mailed to the **Insured**. That date will be at least thirty (30) days after the date of mailing. The mailing of notice to the **Insured** at the last mailing address known to the **Insurer** will be sufficient proof of notice. Delivery of notice is the same as mailing.

**b. Insuring Agreement 2**

(i) **Deductible**

The deductible does not apply to legal expenses paid under **Insuring Agreement 2**.

(ii) **Facsimile Signatures**

The **Insurer** will treat a reproduction of a handwritten signature the same as a handwritten signature. An electronic or digital signature is not treated as a reproduction of a handwritten signature.

(iii) **Proof of Loss**

The **Insured** must include with its proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and an explanation of the absence of the instrument.

(iv) **Territory**

The **Insurer** will cover loss the **Insured** sustains anywhere in the world. **Section IV Conditions A. 19. Territory Condition** does not apply to **Insuring Agreement 2**.

**c. Insuring Agreements 3 and 4**

(i) **Special Limit of Liability for Specified Property**

The **Insurer** only will pay up to \$5,000 for any one **Occurrence** of loss of, and loss from damage to:

1. Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
2. Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

(ii) **Duties in the Event of Loss**

If the **Insured** has reason to believe that any loss of, or loss from damage to, **Money, Securities** or **Other Property** involves a violation of law, the **Insured** must notify the police.

**d. Insuring Agreement 5**

(i) **Special Limit of Liability for Specified Property**

The **Insurer** only will pay up to \$5,000 for any one **Occurrence** of loss of, and loss from damage to, manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

(ii) **Duties in the Event of Loss**

If the **Insured** has reason to believe that any loss of, or loss from damage to, **Money, Securities** or **Other Property** involves a violation of law, the **Insured** must notify the police.

(iii) **Territory**

The **Insurer** will cover loss the **Insured** sustain anywhere in the world. **Section IV Conditions 1.s. Territory** does not apply to **Insuring Agreement 5**.

e. **Insuring Agreement 6**

(i) **Duties in the Event of Loss**

The **Insured** must notify the police if the **Insured** has reason to believe the **Insured** has accepted a **Counterfeit** money order or **Counterfeit** paper currency.

SPECIMEN