



CRIMEGUARD®

In consideration of the **policyholder** paying the premium, the Company agrees to indemnify the **policyholder** subject to the Declarations, terms and conditions of the policy.

Insuring Agreement

The Company shall indemnify the **Insured** for **loss of assets** unless otherwise excluded by the terms and conditions of this policy.

Definitions

Assets means **money, securities** or other property for which the **Insured** is legally liable, or which is owned or held by the **Insured** in any capacity, whether or not the **Insured** is legally liable therefore.

Dishonesty means the **theft** by any **employee** of any **Insured** acting alone or in collusion with others.

Dissolution means:

- the actual destruction or disappearance of **money** or **securities**; or,
- the wrongful abstraction of **assets** resulting from **theft** by any natural person other than an **employee**.

Employee means any natural person while in the regular service of the **Insured** (and the first 60 days following termination) in the ordinary course of the **Insured's** business during the policy period whom the **Insured** compensates by salary, wages or commissions and has the right to govern and direct in the performance of service. Additionally, **employee** shall also include:

- part-time and temporary **employees**.
- students and volunteers gaining work experience.
- any individual assigned to perform **employee's** duties for the **Insured** by any agency furnishing temporary personnel on a contingent or part-time basis;

provided this policy will be excess of any other insurance or suretyship held by the agency furnishing the temporary personnel to the **Insured**.

- a director, trustee or non-compensated officer of the **Insured** while performing acts within the scope of the usual duties of an **employee**.
- any natural person while acting as fiduciary, trustee, administrator, officer or **employee** while servicing any Employee Benefit Plan.

Employee does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative who performs services for the **Insured**.

Financial instrument means any check, money, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum in **money**.

Forgery means the unauthorized signing of another person's name upon, counterfeiting of or alteration of any **financial instrument** made or drawn by, upon, to the order or for the benefit of the **Insured**. Additionally, mechanically reproduced signatures are treated the same as handwritten signatures.

Insured means the **policyholder** and any **subsidiary**.

Loss means the direct deprivation of the **Insured** by a single act or a series of related acts resulting from **dishonesty**, **dissolution** or **forgery** occurring during the Policy Period and reported to the Company during the Policy Period or Discovery Period.

Money means currency, coins, bank notes and bullion, travelers checks, registered checks and money orders held for sale to the public.

Policyholder means the organization named in the Declarations.

Subsidiary means any entity in which the **policyholder**, on the inception date of this policy:

- owns more than a 50% financial interest; or
- owns or controls more than a 50% interest through outstanding securities or voting rights.

Securities means all negotiable and non-negotiable instruments or contracts representing either money or property and includes revenue and other stamps in current use, tokens and tickets, but does not include **money**.

Theft means the unlawful taking, including by violence or threat of violence, of **assets** to the deprivation of the **Insured**.

Exclusions

Coverage under this policy does not apply to:

- a. loss or damage caused by fire, other than loss of or damage to **money, securities, safes or vaults.**
- b. loss resulting from **theft** or any other fraudulent, dishonest or criminal act by any partner of the **Insured**, whether acting alone or in collusion with others.
- c. income, including interest and dividends, not realized by the **Insured** as the result of **loss.**
- d. loss or damage arising out of war, whether or not declared, civil war, insurrection, rebellion or revolution, or any act or condition incident to the foregoing.
- e. loss or damage resulting from **dissolution** arising out of the giving or surrendering of **assets** in any exchange or purchase.
- f. loss or damage of or to manuscripts, books of account or records.
- g. loss arising out of loss of or damage to proprietary information, trade secrets, confidential processing methods, patents, trademarks, copyrights or other confidential information.
- h. loss arising out of the surrendering of **assets** away from the premises resulting from a threat to do:
 - bodily harm to any person; or
 - damage to the premises or property owned or held by the **Insured.**

Provided, this exclusion does not apply to loss resulting from **dissolution** while being conveyed by a messenger when the **Insured** had no knowledge of any threat at the time of the incident.

- i. loss, the proof of which is dependent solely upon:
 - a profit and loss computation or comparison, or
 - a comparison of inventory records with an actual physical count;

provided, however, where an **employee** is involved and has been identified, inventory records and actual physical count of inventory can be submitted as supporting documentation of **loss.**

- j. loss caused by any **employee** from the time the **Insured** or any partner or officer thereof not in collusion with an **employee** shall have knowledge or information that an **employee** has committed any **theft** or fraudulent or dishonest act:
- in the service of the **Insured** or during the term of employment by the **Insured** or,
 - prior to employment by the **Insured**, provided the act involved **money**, **securities** or other property valued at \$25,000 or more.
- k. loss or damage to **assets** while in the custody of any armored car company unless loss or damage is in excess of the amount recovered, recoverable or received by the **Insured** under:
- the **Insured's** contract with the armored car company; and
 - any indemnity or insurance carried by the armored car company.
- l. loss or damage resulting from **dissolution** of **money** or **securities** which benefits any natural person, partnership or corporation (other than the **Insured's** bank) acting in the capacity of a broker, factor, commission merchant, consignee, contractor or other agent or representative of the **Insured** except any natural person, partnership or corporation who is duly authorized by the **Insured** to have custody of the **money** or **securities**.

If:

- the **Insured** has a contract with the natural person, partnership or corporation covering such loss or damage, or if
- the natural person, partnership or corporation has any indemnity or insurance covering such loss or damage,

then the Company's liability for such loss or damage shall be only the excess over the amount of such contract, indemnity or insurance and the Company shall not be obligated to pay any amount for such loss or damage until the **Insured** has been paid under all such contracts, indemnities or insurance.

- m. loss or damage on a primary basis to other property while in the custody of any natural person, partnership or corporation who is not the **Insured**, where there exists:
- a contract between the **Insured** and the natural person, partnership or corporation; or

- any indemnity or insurance carried by the natural person, partnership or corporation.

Furthermore, the Company shall not be obligated to pay any amount for loss or damage until the **Insured** has been paid under all such contracts, indemnities or insurance. Such obligation shall be excess over such contracts, indemnities or insurance.

- n. loss resulting from **dissolution** arising out of fraud which induces the **Insured** to make any purchase or sale.
- o. loss caused by **forgery** or the alteration of **assets** received by the **Insured** in purported payment for property sold and delivered on credit.
- p. the costs of defending any legal proceeding brought against the **Insured**, or the fees, costs or expenses incurred or paid by the **Insured** in prosecuting or defending any legal proceeding. However, the Company, at its discretion, shall give written consent to the defense of any proceeding:
 1. if the **Insured** or the **Insured**'s bank refuses to pay any **financial instrument** relating to **forgery**, and the refusal results in legal proceedings brought against the **Insured** to enforce payment; or
 2. if the **Insured** refuses to pay any of the written instruments required in conjunction with any credit card issued to the **Insured**, an **employee** or an **employee**'s spouse or child permanently residing with an **employee**, and the refusal results in legal proceedings brought against the **Insured** to enforce payment.

Reasonable legal fees, court costs or similar legal expenses incurred and paid by the **Insured** as described in the two preceding paragraphs, will be considered as a **loss** covered under this policy.
- q. loss or damage resulting from nuclear reaction, nuclear radiation or radioactive contamination, or to any act or condition incident to any of the foregoing.

General Provisions

Limit of Liability

The payment of any **loss** shall not reduce the Company's liability for other **losses**. The maximum liability of the Company for any **loss** shall not exceed the amount in the Declarations.

Regardless of the number of years this policy is in force and the number of premiums paid, the limit for the Company's liability as specified in the Declarations shall not be cumulative over policy periods.

Prior Insurance

Loss that occurs partly during this policy period and partly during any previous policy period issued by the Company for which the discovery period has not expired, shall be limited to the larger amount of insurance under the previous policy or this policy.

Deductible and Other Insurance

For each **loss**, coverage under this policy will be in excess of the greater of the following amounts:

- the Deductible Amount in the Declarations, or
- the amount of any other valid and collectible insurance or indemnity available to the **Insured**.

If a **loss** is covered partly under this policy and partly under a prior policy written by another carrier, the Deductible Amount under this policy applicable to the **loss** will be reduced by the amount of any Deductible Amount actually applied to **loss** under any other policy. However, if the other carrier's Deductible Amount is greater than the Deductible Amount under this policy, the Deductible Amount under this policy applicable to the **Loss** will be reduced by the amount of the Deductible under this policy.

Loss Provisions

Discovery Period

The Discovery Period under this policy for any **loss** will be no longer than 90 days following the cancellation or termination of this policy or any **Insured**.

Notification & Proof of Loss

Upon knowledge or discovery of **loss** or of an occurrence which may give rise to **loss**, the **Insured** shall:

- give notarized written notice to the Company no later than 90 days after knowledge or discovery.
- give notice to the police if **loss** results from **dissolution**.

- provide all requested information and documents and cooperate with the Company in all matters pertaining to **loss**.

An independent Investigative Specialist will investigate the facts and determine the quantum of loss. The report issued by the Investigative Specialist will be definitive as respects the facts and the quantum.

After a joint review of the investigative report, if the **policyholder** and the Company cannot agree upon the settlement of **loss**, the Company, at the **policyholder's** request, will submit the dispute to mediation and/or arbitration (if applicable). The rules of the American Arbitration Association shall apply to this proceeding except for the selection of the mediator and/or arbitrator.

Upon receipt and acceptance of written notification by the Company, the **policyholder** shall choose an Investigative Specialist and a Mediator and/or Arbitrator from the attached endorsement, provided the choice does not present a clear conflict of interest. The Company and the **policyholder** will share equally the cost of the Investigative Specialist. The Deductible Amount is not applicable to the cost of the Investigative Specialist and the expense paid by the Company will be a part of, and not in addition to, the limit of liability.

The Company may amend the listing of Investigative Specialists, Mediators and/or Arbitrators. However, no changes shall be made to the listing attached to this policy during the policy period, unless the amendments are at the **policyholder's** request.

Knowledge or Discovery of Loss

Knowledge or discovery occurs when the **Insured** becomes aware of facts which would cause a reasonable person to believe a **loss** covered under this policy has been or will be incurred.

Knowledge possessed or discovery made by the **Insured**, or a partner or officer thereof, shall constitute knowledge possessed or discovery made by every **Insured**.

Settlement of Loss

The Company may, with the **Insured's** consent, settle any claim for **loss** of property with the owner. Any property for which the Company has made indemnification shall become the property of the Company. At its discretion, the Company may pay the actual cash value or make applicable repairs or replacements.

Basis of Valuation

In no event shall the Company be liable for more than:

- the actual cash value of **securities** at the close of business on the day the **loss** was discovered, or the actual cost of replacing the **securities**, whichever is

less, plus the cost to post any required Lost Instrument Bonds. The costs shall be paid by the Company on behalf of the **Insured** or the **Insured's** bank.

- the cost of blank books, blank pages or other materials plus the cost of labor and computer time for the actual transcription or copying of data in order to reproduce books and records.
- the cost of labor for the actual transcription or copying of electronic data, furnished by the **Insured**, in order to reproduce such electronic data.
- the actual cash value of other property at the time of **loss** or the actual cost of repairing or replacing the property with property or material of like quality or value, whichever is less. The actual cash value of other property if held by the **Insured** as a pledge, or as collateral for an advance or a loan, shall be considered not to exceed the value of the property as determined and recorded by the **Insured** when making the advance or loan, or in the absence of a record, the unpaid portion of the advance or loan plus accrued interest at legal rates.
- if a foreign currency (a currency other than the currency in which this policy is written) is involved in a **loss** sustained by the **Insured**, then for the purpose of any required calculation in the settlement of **loss**, the rate of exchange shall be the rate as published in the Wall Street Journal on the date of discovery.

Loss under Prior Policy

Notwithstanding the definition of **loss**, if this policy replaces a prior policy carried by the **Insured** which has expired, coverage under this policy will apply to **loss** which would have been recoverable by the **Insured** under the prior policy except that the time to discover the **loss** had expired, provided:

- the coverage offered shall be part of and not in addition to the amount of coverage afforded by this policy;
- the **loss** would have been covered had this policy been in force when the acts or events causing the **loss** occurred or were committed; and,
- recovery under this policy shall not exceed the amount which would have been recoverable under the prior policy, if the prior policy had been in force when the acts or events occurred or were committed, or the amount which would have been covered under a prior policy had continued to be in force until the discovery of the **loss**, if this amount be smaller.

Employee Benefit Plans

The employee benefit plans listed in this policy or on an endorsement, are included as **Insureds**. If any **loss** is sustained by any plan, the Insuring Agreement of this policy is deleted and replaced by the following:

The Company shall indemnify the **Insured** for direct loss of **assets** caused by any fraudulent or dishonest acts committed by any **employee** of any **Insured** acting alone or in collusion with others.

If any employee benefit plan has suffered a loss, any payment by the Company to the **policyholder** shall be for the benefit of each employee benefit plan sustaining a loss. This is to comply with Title 1 of the Employee Retirement Income Security Act of 1974 (ERISA). If payment is in excess of the amount of coverage required by ERISA for a plan, the excess shall be held for the benefit of any other named plans, should those plans also have knowledge or discover a loss recoverable under this policy. If the **assets** of two or more employee benefit plans are commingled, recovery under this policy for loss shall be shared by the plans on a pro rata basis in accordance with the amount of coverage each plan is required to carry by ERISA.

Additionally, the discovery period for any loss sustained by any employee benefit plan will be no longer than 365 days following cancellation or termination of this policy or any employee benefit plan.

Consolidation, Merger or Acquisition

If the total assets of the **Insured** (as found in the Application) increases more than 15% through any consolidation or merger with, purchase of **assets** of, or acquisition of the majority stock ownership of an organization, then the **policyholder** shall:

- within 90 days of the transaction give the Company written notice of the transaction;
- within 90 days of the transaction provide to the Company any additional information it may request;

and shall pay the Company any additional premium calculated pro rata from the date of the transaction to the end of the policy period.

Recoveries

Recoveries (except from sureties, insurance, reinsurance or indemnity), less the actual cost of recovery, made after **loss** will be distributed as follows:

- first, the **Insured** shall be reimbursed for **loss** exceeding the limit of liability or settlement (whichever is less) and the deductible amount (if applicable).
- second, the Company shall be reimbursed for the settlement made;
- third, the **Insured** shall be reimbursed for **loss** equal to the deductible amount.

Subrogation

In the event of any payment under this policy, the Company shall be subrogated to the extent of the payment to all **Insured**'s rights of recovery. The **Insured** shall execute all papers required and shall do everything necessary to secure and preserve the rights, including the execution of the documents necessary to enable the Company effectively to bring suit in the name of the **Insured**.

Cancellation

1. This policy shall be canceled:
 - upon receipt by the Company of written notice of cancellation from the **policyholder**;
 - for reason of non-payment of premium, 10 days after the receipt by the **policyholder** of written notice from the Company; or,
 - for reasons other than non-payment, 60 days after the receipt by the **policyholder** of a written notice from the Company.

Upon cancellation by the **policyholder**, the Company shall refund any applicable unearned premium computed at customary short rates. For other reasons, the applicable refund will be computed pro rata.

2. This policy shall be canceled as respects any **employee**:
 - immediately upon discovery by the **Insured** or by any partner or officer thereof not in collusion with the **employee** of any **dishonesty**; or,
 - 60 days after the receipt by the **policyholder** of written notice of cancellation from the Company.

The notice of cancellation will be mailed or delivered to the mailing address shown on the Declarations. Proof of mailing or delivery will be sufficient proof of notice.

Legal Proceedings

The **Insured** cannot bring an action against the Company unless:

- the **Insured** has complied with all the terms and conditions of this policy;
- the action is brought within 90 days after the **policyholder**'s receipt of the issued Investigative Specialist's report outlining a loss; and
- the action is brought within 2 years after knowledge or discovery of the **loss**.

If any limitation listed above is prohibited by any law controlling the construction of this policy, the limitation shall be deemed to be amended to comply with the minimum period of limitation permitted by law.

Changes and Assignment

No changes, modifications or assignments of interest of this policy shall be effective except when made by a written endorsement to this policy which is signed by an authorized representative of the Company. Additionally, notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy.

By acceptance of this policy, the **policyholder** agrees the policy embodies all agreements existing between the **Insured** and the Company or any of its agents relating to this insurance.

In witness whereof, the Company has caused this policy to be executed on the Declarations.

Elizabeth M. Tuck

SECRETARY



PRESIDENT