

CRIME INSURANCE POLICY

In consideration of payment of the premium and in reliance on all statements made in the Application for this Policy and all information provided to the Insurer and subject to all the provisions of this Policy, the Insurer and the first named **Insured** on behalf of all **Insureds** agree:

I. INSURING CLAUSES

A. EMPLOYEE DISHONESTY

The Insurer shall indemnify the **Insured** or any **Plan** for loss of or damage to **Money, Securities or Property** resulting directly from **Employee Theft** or **Employee Forgery**.

B. FORGERY OR ALTERATION

The Insurer shall indemnify the **Insured** for loss resulting directly from **Forgery** or alteration by a **Third Party** of any checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum certain in **Money** that are:

1. made or drawn by or upon the **Insured** or that are purported to have been so made or drawn; or
2. made or drawn by one acting as the **Insured's** agent or that are purported to have been so made or drawn.

C. ON PREMISES

The Insurer shall indemnify the **Insured** for loss resulting directly from:

1. **Robbery, Safe Burglary or Theft** committed solely by a **Third Party** of **Money, Securities or Property** within the **Premises** or **Banking Premises**;
2. physical destruction, misplacement or mysterious unexplainable disappearance of **Money, Securities or Property** from the **Premises**;
3. loss of or damage to **Property** within the **Premises** resulting from an actual or attempted **Robbery, Safe Burglary or Theft** committed solely by a **Third Party**;
4. damage to the **Premises** or its exterior resulting from an actual or attempted **Robbery, Safe Burglary or Theft** committed solely by a **Third Party** but only to the extent that the **Insured** is the owner of the **Premises** or is liable for such damage; or
5. loss of or damage to a locked safe, vault, cash box, cash register or cash drawer within the **Premises** resulting from an actual or attempted **Robbery, Safe Burglary or Theft** committed solely by a **Third Party**.

D. IN TRANSIT

The Insurer shall indemnify the **Insured** for loss resulting directly from:

1. **Robbery** or **Theft** committed solely by a **Third Party** of **Money** or **Securities** while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** or armored motor vehicle company or while temporarily within the living quarters of the **Messenger**;
2. physical destruction, misplacement or mysterious unexplainable disappearance of **Money** or **Securities** while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** or armored motor vehicle company or while temporarily within the living quarters of the **Messenger**; or
3. damage from an actual or attempted **Robbery** or **Theft** committed solely by a **Third Party** to the **Insured's Property** while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** or armored motor vehicle company or while temporarily within the living quarters of the **Messenger**.

E. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY FRAUD

The Insurer shall indemnify the **Insured** for loss resulting directly from the **Insured's** acceptance in good faith, in exchange for **Merchandise, Money** or services of:

1. any money order issued or purporting to have been issued by any post office, express company or bank, if such money order is not paid upon presentation; or
2. counterfeit United States or Canadian paper currency that is acquired in the regular course of business from a **Third Party**.

F. COMPUTER FRAUD AND FUNDS TRANSFER FRAUD

The Insurer shall indemnify the **Insured** for:

1. loss of or damage to **Money, Securities** or **Property** resulting directly from **Computer Fraud** committed solely by a **Third Party**; or
2. loss of **Money** or **Securities** contained in a **Transfer Account** at a **Financial Institution** resulting directly from **Funds Transfer Fraud** committed solely by a **Third Party**.

G. CLIENT PROPERTY COVERAGE

The Insurer shall indemnify for loss of or damage to **Money, Securities** or **Property** sustained by a **Client** resulting directly from **Theft** or **Forgery** committed by an identified **Employee** not in collusion with the **Client** or any agent or employee of the **Client**, but only to the extent the **Insured** is legally liable to the **Client** for such loss.

H. CREDIT CARD COVERAGE

The Insurer shall indemnify the **Insured** for loss resulting directly from **Credit Card Fraud**.

I. EXPENSE COVERAGE

The Insurer shall indemnify the **Insured** for **Expenses** incurred by the **Insured** and that results from any direct loss covered hereunder.

II. DEFINITIONS

The following terms whenever used in this Policy in boldface type shall have the meanings indicated.

- A. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository institution, including any night depository chute or safe maintained by the institution.
- B. **"Client"** means a customer of the **Insured** to whom the **Insured** provides goods or services under a written contract or for a fee.
- C. **"Computer Fraud"** means the **Theft of Money, Securities or Merchandise** by a **Third Party**, through the use of any **Computer System**.
- D. **"Computer System"** means a computer or computer network including input, output, processing, storage and communication facilities and shall include off-line media libraries.
- E. **"Computer Violation"** means an intentional, unauthorized and malicious:
 - 1. entry of **Data** into a **Computer System**;
 - 2. change to data elements or program logic which is kept in machine readable format; or
 - 3. introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**.
- F. **"Credit Card Fraud"** means **Forgery** or alteration of, on or in, any written instrument required in connection with any credit, debit or access card issued to the **Insured** or at the request of the **Insured**, for business purposes of the **Insured**, to any **Employee** of the **Insured**; provided such **Forgery** or alteration is committed by a **Third Party**.
- G. **"Data"** means information contained in manuscripts, records, accounts, microfilms, tapes or other records, whether or not contained in a **Computer System**.
- H. **"Discovery"** or **"Discovered"** means the moment when the **Insured** or any director,

trustee, officer, administrator, manager, partner or insurance representative of the **Insured** first becomes aware of facts which would cause a reasonable person to believe that a loss covered by this Policy has been or will be incurred, even though the exact amount or details of loss may not then be known. This includes loss:

1. sustained prior to the coverage inception date shown in Item 2. of the Declarations;
or
2. which does not exceed the Deductible shown in Item 4. of the Declarations.

“Discovery” or **“Discovered”** also includes the **Insured’s** receipt of notice of an actual or potential claim against the **Insured** alleging facts that if true would constitute a covered loss under this Policy.

I. **“Employee”** means:

1. a natural person:
 - (a) while in the regular service of the **Insured** in the ordinary course of its business or for 30 days after termination of service;
 - (b) whom the **Insured** has the right to direct and control while performing labor or service for the **Insured** whether such labor or service is on a part-time, temporary, seasonal or full-time basis; and
 - (c) who is compensated directly by the **Insured** through salary, wages or commissions;
2. a natural person who is a volunteer or leased **Employee** directed and controlled by the **Insured** while performing labor or service for the **Insured** pursuant to a lease or other written contract to which the **Insured** is a party;
3. a natural person who is a director, trustee, officer, administrator, manager or partner of the **Insured**, when performing acts coming within the scope of the usual duties of an **Employee**; or
4. a natural person who is a trustee, officer, employee, administrator, fiduciary or manager of any **Plan** or any other natural person who is required to be bonded by Title 1 of the Employee Retirement Income Security Act of 1974, as amended.

The term **Employee** does not include any agent, broker, commission merchant or independent contractor of the **Insured**.

J. **“Employee Forgery”** means **Forgery** or alteration by an **Employee** of any checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum certain in

Money, that are:

1. made or drawn by or drawn upon the **Insured** or that are purported to have been so made or drawn; or
2. made or drawn by one acting as the **Insured's** agent or that are purported to have been so made or drawn.

“Employee Forgery” includes **Forgery** or alteration by an **Employee** of, on or in, any written instrument required in connection with any credit, debit or access card issued to the **Insured** or at the request of the **Insured**, to any **Employee** of the **Insured**.

- K. **“Employee Theft”** means the unlawful taking of **Money**, **Securities** or **Property** to the deprivation of an **Insured** by an **Employee**, whether identified or not, acting alone or in collusion with others.
- L. **“Executive Shareholder”** means any **Employee**, director, trustee, officer, administrator, manager, partner, or shareholder of the **Insured** that has a 25% or greater ownership interest in the **Insured** or any other person or entity that has a 25% or greater ownership interest in the **Insured**.
- M. **“Expenses”** means reasonable expenses, other than an **Insured's** internal corporate costs (such as **Employee** remuneration or **Employee** expenses), incurred by an **Insured** with the Insurer's prior written consent to:
1. establish the existence and amount of a covered loss in excess of the Deductible;
 2. reproduce **Data**; or
 3. repair or replace to a substantially similar standard any safe or vault damaged as a result of **Robbery** or **Safe Burglary**.

With respect to **Forgery** coverage under Insuring Clause I.B., **Expenses** also means reasonable attorney fees, court costs and legal expenses incurred and paid with the Insurer's prior written consent by the **Insured** in defending the **Insured** in any legal proceeding to enforce payment of checks, drafts or similar written promises, orders or directions to pay a sum of certain money that are made, drawn by or drawn upon an **Insured** or by anyone acting as an **Insured's** agent or that are purported to have been so made or drawn upon.

With respect to **Credit Card Fraud** coverage under Insuring Clause I.H., **Expenses** also means reasonable attorney fees, court costs and legal expenses incurred and paid with the Insurer's prior written consent in defending an **Insured** in any legal proceeding brought against it to enforce payment of a written instrument in connection with a credit card.

- N. **“Financial Institution”** means:
1. a bank, credit union, saving and loan association, trust company or other licensed financial service where the **Insured** maintains a **Transfer Account**; or
 2. a securities broker-dealer, mutual fund, liquid assets fund or similar investment company where the **Insured** maintains a **Transfer Account**.
- O. **“Forgery”** means the signing of another natural person or entity's name with intent to deceive, but does not mean a signature that includes one's own name, with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated the same as hand-written signatures.
- P. **“Funds Transfer Fraud”** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions by a **Third Party** issued to a **Financial Institution** directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by an **Insured** at such institution, without the **Insured's** knowledge or consent.
- Q. **“Insured(s)”** means the entity designated in Item 1. of the Declarations and/or any additional **Insureds** listed therein and any **Subsidiary**.
- R. **“Merchandise”** means the **Insured's** inventory, raw materials, work in progress and manufactured or distributed products.
- S. **“Messenger”** means any **Insured** or **Employee** duly authorized by the **Insured** to have care and custody of **Money**, **Securities** or the **Insured's Property** outside the **Premises**.
- T. **“Money”** means:
1. currency, coins or bank notes in current use and having a face value; and
 2. traveler's checks, register checks or money orders held for sale to the public.
- U. **“Plan”** means any Employee Welfare or Pension Benefit Plan, as defined in Title I of the Employee Retirement Income Security Act of 1974 and any amendments thereto (collectively "ERISA") which is or becomes solely sponsored by the **Insured**.
- V. **“Policy Period”** means the period from the effective date and time of this Policy to the Policy expiration date and time as set forth in Item 2. of the Declarations or its earlier cancellation or termination, if any, pursuant to Clause VI. D. of this Policy.
- W. **“Premises”** means the interior portion of any building occupied by the **Insured** in conducting its business.
- X. **“Property”** means tangible property other than **Money** or **Securities** that has intrinsic

value but does not include any property excluded under this Policy.

- Y. **“Robbery”** means the unlawful taking of **Money, Securities** or **Property** from the custody of an **Employee** or other person authorized by an **Insured** to act as custodian of such **Money, Securities** or **Property**, except a person acting as a watchman, porter or janitor, by violence or threat of violence, committed in the presence and cognizance of such person.
- Z. **“Safe Burglary”** means the unlawful taking of **Money, Securities** or **Property** by forcible or violent entry, evidenced by visible marks, from a locked vault or safe located within the **Premises**.
- AA. **“Securities”** means negotiable and non-negotiable 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**.
- BB. **“Subsidiary”** means any entity, while more than 50% of the outstanding voting securities representing the present right to vote for the election of such entity's directors or the right to elect or otherwise designate more than 50% of such entity's managers is owned or controlled by the **Insured** directly or indirectly, if such entity:
1. was so owned prior to the inception date of this Policy and was insured under a policy issued by the Insurer of which this Policy is a renewal;
 2. was so owned on the inception date of this Policy;
 3. becomes so owned after the inception date of this Policy pursuant to Clause VII.B.1.
- CC. **“Theft”** means any act of stealing.
- DD. **“Third Party”** means any person or entity other than an **Insured, Employee** or **Executive Shareholder**.
- EE. **“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**.

III. EXCLUSIONS

- A. The Insurer shall not be liable under any Insuring Clause for loss or damage sustained by any **Insured** resulting directly or indirectly from:
1. any fraudulent, dishonest or criminal act or omission by any **Insured** or any **Executive Shareholder** thereof whether acting alone or in collusion with others;
 2. any fraudulent, dishonest or criminal act or omission by any **Employee**:
 - (a) whether acting alone or in collusion with any other person or entity; or
 - (b) while performing services for the **Insured** or otherwise;except when covered under Insuring Clause I.A., I.G. or I.I.
 3. nuclear reaction, nuclear radiation, radioactive contamination or any related act or incident;
 4. damage to the **Premises** resulting from fire, however caused;
 5. damage to **Money, Securities** or **Property** while in the care and custody of an armored motor vehicle company; however this exclusion shall not apply in the event the **Insured** cannot recover the amount of loss:
 - (a) under the **Insured's** contract with such armored motor vehicle company; or
 - (b) from any insurance or indemnity carried by or for the benefit of customers of, the armored motor vehicle company;
 6. salary, commissions, fees or other emoluments, including but not limited to promotions and raises associated with employment, properly or improperly paid by the **Insured** to an **Employee**;
 7. the authorized or unauthorized trading of **Money, Securities** or **Property**, whether or not in the name of the **Insured** and whether or not in a genuine or fictitious account; provided however, that this exclusion does not apply to direct losses caused by **Employee Theft** that results in improper financial gain to such **Employee**; provided further that salary, commissions, fees or other emoluments, including but not limited to promotions and raises associated with employment, paid by the **Insured** to such **Employee**, shall not constitute improper financial gain;
 8. loss of trade secrets, confidential processing methods, confidential information, patents, copyrights, trademarks or intangible or intellectual property of any kind;

9. loss to or damage to the **Premises**, except as covered under Insuring Clause I.C.;
10. loss to or damage to any property, safe, vault, or to the **Premises** or its exterior, by vandalism or malicious mischief.
11. based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any failure or omission on the part of the **Insured** to obtain or maintain adequate insurance;
12. accounting or arithmetical errors or omissions;
13. income not realized as the result of a covered loss;
14. indirect or consequential loss of any kind except for covered **Expenses** under Insuring Clause I.I.;
15. punitive, exemplary or multiplied damages of any kind;
16. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;
17. taxes, loss of tax benefits, or fines or penalties imposed by law;
18. the **Insured** knowingly having given or surrendered **Money, Securities or Property** in any exchange or purchase with a **Third Party**, not in collusion with an **Employee**; provided that this Exclusion shall not apply to loss under Insuring Clause I.E.;
19. fees, costs or expenses incurred or paid by an **Insured** in defending or prosecuting any legal proceeding or claim, provided that this Exclusion shall not apply to the coverage provided under Insuring Clause I.I.;
20. loss caused by an **Employee** which is **Discovered** after a director, trustee, officer, administrator, manager, partner or **Executive Shareholder** of the **Insured** acquires at any time knowledge of:
 - (a) **Employee Theft** while such **Employee** is employed with an **Insured**; or
 - (b) fraud or dishonesty involving **Money, Securities or Property** valued at \$25,000 or more committed by such **Employee** prior to his or her employment with an **Insured**;
21. **Expenses** incurred:
 - (a) as a result of the reconstitution of **Data** recorded on magnetic or optical media if there are no analysis files, specifications, nor backups of software or **Data** held outside the **Premises**;

- (b) as a result of the reconstitution of **Data** if an **Insured** knowingly uses illegal copies of programs;
 - (c) to render the **Data** usable by replacement processing equipment;
 - (d) to design, update or improve software or programs or to perfect their operation or performance;
 - (e) as a result of an alteration in **Data** held on magnetic media due to the effect of magnetic fields, their incorrect use or the obsolescence of the **Computer System**; or
 - (f) by a customer of an **Insured** to whom an **Insured** provides goods or services under written contract or for a fee; or
22. a kidnap, ransom or other extortion payment surrendered to any person as a result of a threat to do bodily harm to any person or a threat to do damage to any property.
- B. The Insurer shall not be liable under Insuring Clause I.A., I.G. or I.I. for loss or damage sustained by any **Insured** caused directly or indirectly by:
- 1. any agent, broker, factor, commission merchant, consignee, contractor, independent contractor, subcontractor, or similar person or entity; or
 - 2. any **Employee** acting alone or in collusion with any other employee more than 30 days following the termination of such **Employee**.
- C. The Insurer shall not be liable under Insuring Clause I.C., I.D. or I.I. for loss or damage sustained by any **Insured** resulting directly or indirectly from:
- 1. **Forgery, Computer Fraud, Funds Transfer Fraud, Money Orders and Counterfeit Paper Currency Fraud or Credit Card Fraud**; or
 - 2. loss of or damage to **Money, Securities or Property** while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.
- D. The Insurer shall not be liable under Insuring Clause I.F. or I.I. for direct or indirect loss or damage sustained by any **Insured** more than 60 days after any **Insured** becomes aware of a **Computer Fraud** or other fraudulent, dishonest or criminal act committed by a **Third Party**.
- E. The Insurer shall not be liable under Insuring Clause I.H. or I.I. for loss or damage sustained by any **Insured** resulting directly or indirectly from **Forgery** or alteration of, on or in any written instrument; provided that this Exclusion shall not apply if:

1. the terms and conditions under which the credit, debit or access card was issued were fully complied with; and
 2. an **Insured** is legally liable to the issuer of such credit, debit or access card for such loss.
- F. Subject to Clause VI. D of this Policy, no coverage will be available under this Policy for loss or damage unless sustained through acts committed during the **Policy Period** and:
1. **Discovered** during the **Policy Period**; or
 2. **Discovered** during the discovery period described in Clause IV. D. of this Policy.

In no event will coverage be available under this Policy for such loss if such loss is covered under any renewal or replacement of this Policy in whole or in part.

IV. LIMITS OF LIABILITY, NON-ACCUMULATION OF LIABILITY, DEDUCTIBLE, DISCOVERY PERIOD

A. Limits of Liability

The Insurer's maximum limit of liability for each loss shall be the Limits of Liability for each Insuring Clause I.A. through I.H. as set forth in Item 3. in the Declarations. The payment of loss under one Insuring Clause shall not reduce the Limit of Liability available for the other Insuring Clauses.

A loss resulting from a single act or any number of acts in which the same **Employee** or **Third Party** is concerned or implicated, whether such act or acts occurred before or during the **Policy Period**, will be treated as a single loss hereunder.

If a loss is covered under more than one Insuring Clause, the maximum amount payable under this Policy shall not exceed the largest single applicable Limit of Liability of such Insuring Clauses as provided in Item 3. of the Declarations.

The Insurer's maximum aggregate limit of liability for all **Expenses** incurred during the **Policy Period** shall be the Limit of Liability applicable to Clause I.I. as set forth in Item 3. of the Declarations.

B. Non-Accumulation of Liability

When there is more than one **Insured** involved in a loss, the maximum liability of the Insurer for loss sustained by one or all such **Insureds** shall not exceed the amount for which the Insurer would be liable if all losses were sustained by any one of the **Insureds**.

Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the amount the Insurer shall pay for a loss shall not be cumulative from year to year or from one **Policy Period** to another policy period.

C. Deductible

The Insurer shall pay loss that exceeds the amount of recoveries made prior to such payment, less the applicable Deductible set forth in the Item 4. of the Declarations.

If an **Insured** receives payment under another Policy or bond which was issued to the **Insured**, after applying a deductible, for loss also covered hereunder, then the Deductible set forth in Item 4 of the Declarations shall be reduced by the deductible previously applied to such loss.

D. Discovery

Subject to Clause VI. D. of this Policy, this Policy only applies to loss which is sustained during the **Policy Period**.

Loss is covered under this Policy only if **Discovered** no later than 60 days from the end of the **Policy Period** (such 60 day period is the "discovery period"). At any time prior to the termination of this Policy, the **Insured** may give written notice to the Insurer requesting an extension of the discovery period for loss under this Policy to 12 months from the end of the **Policy Period** and shall pay an additional premium to be determined by the Insurer in its sole discretion. The discovery period terminates immediately upon the inception date of any other insurance obtained by the **Insured** replacing in whole or in part the insurance afforded hereunder whether or not such other insurance provides coverage for loss sustained prior to its effective date. There shall be no coverage under this Policy for loss sustained during the discovery period or extended discovery period. In all events, the 12 month extension will not be available if this Policy is cancelled as provided in Clause VI. D. 2. (c).

V. NOTICES, PROOF OF LOSS AND LEGAL PROCEEDINGS

It is a condition precedent to coverage hereunder that, upon **Discovery** of loss or an occurrence which may result in a covered loss, the first named **Insured** shall comply with A., B. and C. below.

- A. The first named **Insured** shall give written notice to the Insurer at the earliest practicable moment and in any event within the earliest of:
1. 90 days of **Discovery**; or
 2. 90 days following termination of the Policy.

Such notice to the Insurer shall be given to the firm shown in Item 6. of the Declarations at the address set forth therein.

- B. The first named **Insured** shall furnish a sworn proof of loss with full particulars to The Insurer within 6 months of **Discovery** and shall thereafter:
1. submit to examination under oath at the Insurer's request;
 2. produce all pertinent records at such reasonable times and places as the Insurer shall designate;
 3. fully cooperate with the Insurer or their counsel in all matters pertaining to a loss or claim; and
 4. not take any action which in any way increases the Insurer's exposure under this Policy.
- C. The first named **Insured** may offer a comparison between an **Insured's** inventory records and actual physical count of its inventory to prove the amount of loss, but only where the **Insured** establishes wholly apart from such comparison that it has sustained a covered loss.

VI. GENERAL CONDITIONS

A. Reliance Upon and Incorporation of Application

In issuing this Policy, the Insurer has relied upon the statements made in the written Application for this Policy and all information provided to the Insurer. All such statements are the basis of this Policy and shall be incorporated in and constitute part of this Policy.

B. Transactions That Impact Coverage

If an **Insured** consolidates or merges with, acquires majority voting rights in or acquires the assets of another entity which results in an increase of the **Insured's** total revenues by more than 25 percent, coverage is provided to such entity if an **Insured**:

1. gives the Insurer written notice within 90 days from the date of such consolidation, merger or acquisition; and
2. pays the Insurer any additional premium required by the Insurer.

Coverage hereunder shall be afforded for loss which is sustained on or after the effective date of the transaction.

C. Termination, Cancellation and Nonrenewal

1. This Policy shall terminate as to any **Employee** as soon as any **Insured** or any director, trustee, officer, administrator, manager or partner of the **Insured** not in collusion with the **Employee** acquires knowledge of:
 - (a) any unlawful taking of **Money, Securities** or **Property**, or other fraudulent or dishonest act committed by such **Employee** during any term of employment with an **Insured**; or
 - (b) any fraudulent or dishonest act involving **Money, Securities** or **Property** exceeding \$25,000 committed by such **Employee** prior to any term of employment with an **Insured**.
2. This Policy shall terminate in its entirety upon occurrence of any of the following:
 - (a) 10 days after the mailing of written notice to the **Insured** from the Insurer in the event of nonpayment of premium; or
 - (b) 30 days after the mailing of written notice to the **Insured** from the Insurer for any other reason
3. The notice of cancellation from the Insurer shall state the reason for cancellation. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice shall be equivalent to mailing.
4. This Policy may be cancelled by the **Insured** by mailing or delivering to the Insurer advance written notice of cancellation. The mailing or delivery of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period.
5. If this Policy is cancelled, the Insurer shall send the **Insured** any premium refund as soon as practicable. If the **Insured** cancels, the refund shall be on the customary short rate basis. The return or tender of a return premium is not a condition precedent to the cancellation becoming effective at the time stated in the cancellation notice.
6. If the Insurer decides not to renew this Policy, the Insurer shall provide written notice to the **Insured** designated in Item 1. of the Declarations at least 60 days before the end of the Policy Period. The notice of nonrenewal shall state the reason for nonrenewal.

D. Liability for Prior Losses

If the **Insured** or its predecessor in interest, sustained loss during the policy period of any prior insurance policy that was substantially similar to this Policy and could have recovered

under that insurance policy except that the time within which to discover loss had expired, the Insurer will pay for it under this Policy provided:

1. This insurance became effective at the time of cancellation or termination of the prior insurance or insurance subsequent thereto without any interruption in coverage;
2. The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred; and
3. The loss is **Discovered** during the **Policy Period**; or during the discovery period described in Clause IV. D. of this Policy.

In no event will coverage be available under this Policy for such loss if such loss is covered under any renewal or replacement of this Policy in whole or in part.

Any coverage provided pursuant to this paragraph VI. E. is part of and not in addition to the Limits of Liability applicable to this Policy and the Insurer's liability shall not exceed the limit of liability under the policy in force at the time such loss was sustained or the applicable Limit of Liability in the Declarations, whichever is less.

In the event that a loss is covered under this Policy and another policy, it is hereby agreed that the applicable Insuring Clause deductible for this Policy shall be reduced by the applicable deductible of the other policy.

E. First Named Insured's Rights and Obligations

By acceptance of this Policy, the **Insured** agrees that the first named **Insured** shall act on behalf of all **Insureds** with respect to:

1. the filing of notice or proof of loss in accordance with Clause V.;
2. the filing of a claim, adjustment of the amount of loss, receipt or enforcement of payment of a loss;
3. the payment of premium for, the acceptance of amendments to, or termination of, this Policy; and
4. the return of any premiums by the Insurer to the **Insured**.

F. Other Insurance

This Policy shall be specifically excess of any other existing valid insurance policy, bond or indemnity that applies to loss also covered hereunder, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise and regardless of

whether or not any loss is collectible or recoverable under such other policy, bond or indemnity; provided, however, this provision shall not apply to loss in excess of any deductible and limit of liability of such other policy where the loss is otherwise covered by this Policy.

G. Ownership of Property; Interests Covered

This Policy covers only **Money, Securities or Property**:

1. that the **Insured** owns or leases;
2. that the **Insured** holds for others;
3. for which the **Insured** is legally liable; or
4. under Insuring Clause I.G. only;
 - (a) that a **Client** owns or leases;
 - (b) that a **Client** holds for others; or
 - (c) for which a **Client** is legally liable

while the **Money, Securities or Property** is inside the interior of that portion of any building the **Client** occupies in conducting its business.

However, this Policy is for the **Insured's** benefit only. It provides no rights or benefits to any other person or entity. Any claim for loss that is covered under this Policy must be presented by the **Insured**.

H. Territory

This Policy shall apply to loss of the **Insured** occurring anywhere in the world.

I. Valuation and Currency

In the event of a covered loss of **Money, Securities or Property**, the Insurer shall pay, subject to Clause IV. of this Policy:

1. the least of:
 - (a) the face value of **Money**; or
 - (b) the United States dollar value of foreign currency based on the rate of exchange published in *The Wall Street Journal* on the day loss involving

foreign currency is **Discovered**.

2. the least of:
 - (a) the closing price of **Securities** on the business day immediately preceding the day on which a loss is **Discovered**; or
 - (b) the cost of replacing **Securities**; or
 - (c) the cost to post a Lost Instrument Bond.
3. the cost of blank materials, such as blank books, pages or tapes;
4. the least of:
 - (a) the price paid by an **Insured** for the **Property**;
 - (b) cash value of the **Property** at the time the loss was sustained; or
 - (c) the cost to repair or replace the **Property** with that of similar quality and value at the time an **Insured** complies with Clause V., Notices, Proof of Loss and Legal Proceedings, regarding the furnishing of proof of loss.

J. Recoveries

Recoveries, whether effected by the Insurer or by the **Insured**, less the cost of recovery, shall be distributed as follows:

1. first, to the **Insured** for the amount of loss otherwise covered but in excess of the Limits of Liability;
2. second, to the Insurer for the amount paid to the **Insured** for covered loss;
3. third, to the **Insured** for the Deductible; and
4. fourth, to the **Insured** for loss specifically excluded hereunder.

Recovery from reinsurance or indemnity of the Insurer shall not be deemed a recovery hereunder.

K. Subrogation

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to the **Insured's** rights of recovery and the **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to

bring suit in the name of the **Insured**.

L. No Action Against the Insurer

No action shall lie against the Insurer unless, as a condition precedent thereto, there has been full compliance with all the terms of this Policy. No person or entity shall have any right under this Policy to join the Insurer as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the Insurer be impleaded by the **Insured** or their legal representatives.

M. Entire Agreement; Alteration and Assignment of Interest

The **Insured** agrees that this Policy, including the Declarations, constitutes the entire agreement between the **Insured** and the Insurer or any of their agents or brokers. No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is issued by the Insurer. Notice to or knowledge possessed by the Insurer, the **Insured** or any agent, broker or other person acting on behalf of the **Insured** or the Insurer shall not effect a waiver of or stop the Insurer from asserting any rights under this Policy.

N. Concealment, Misrepresentation or Fraud

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

1. this Policy;
2. any **Money, Securities** or **Property** covered under this Policy;
3. the **Insured's** interest in any **Money, Securities** or **Property** covered under this Policy; or
4. any claim under this Policy.

O. Employee Benefit Plan Provisions

In compliance with certain provisions of ERISA:

1. If any **Plan** is insured jointly with any other entity under this insurance, the **Insured** or the **Plan** Administrator must select a limit of liability under Insuring Clause I.A. that is sufficient to provide an amount of insurance for each **Plan** that is at least equal to that required if each **Plan** was separately insured.
2. If the **Insured** first named in the Declarations 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.

3. If two or more **Plans** are insured under this insurance, any payment the Insurer makes for loss:
 - (a) sustained by two or more plans; or
 - (b) of commingled funds or other property of two or more **Plans**;

is to be shared by each **Plan** sustaining loss in the proportion that the amount of insurance required for each such **Plan** under ERISA provisions bears to the total of those amounts.

4. The Deductible applicable to Insuring Clause I.A. does not apply to loss sustained by any **Plan** subject to ERISA which is insured under this insurance.

P. Records

The **Insured** must keep records of all **Money, Securities** or **Property** covered under this Policy so the Insurer can verify the amount of any loss.

Q. Examination of the Insured's Books and Records

The Insurer may examine and audit the **Insured's** books and records as they relate to this Policy at any time during the **Policy Period** and up to 3 years afterward.

R. Headings

The descriptions in the headings and sub-headings of this Policy are solely for convenience and form no part of the terms and conditions of coverage.