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THIS POLICY SETS OUT THE TERMS UPON WHICH THE **INSURER** AGREES TO INSURE THE **INSURED** IN CONSIDERATION OF THE PAYMENT OF, OR AGREEMENT TO PAY, THE PREMIUM. THE INSURING CLAUSES AND COVERAGE EXTENSIONS ARE SUBJECT TO ALL TERMS, CONDITIONS, RESTRICTIONS AND LIMITATIONS OF THIS POLICY.

Insuring Clause

The **insurer** will reimburse the **insured** for **loss** which is first **discovered** during the **policy period** and which results directly from:

1. the **dishonest act of an employee**;
2. a **documentary fraud**;
3. an **electronic or telephonic fraud**;
4. **physical loss of or damage to property or physical damage to or destruction of premises**;
5. **extortion**.

Coverage Extensions

The **insurer** will reimburse or pay on behalf of the **insured** for:

1. **loss** which is first **discovered** during the **policy period** resulting directly from:
 - (a) physical loss of or damage to cancelled cheques, cancelled drafts or cancelled credit card receipts;
 - (b) a **theft** via **erroneous transfer**;
 - (c) a **loss of subscription rights**;
 - (d) the **insured's** liability for interest that would have accrued to a customer of the **insured** but did not as a direct result of a **loss** covered under this policy.
2. **data security breach costs, software removal or reconstitution costs, legal costs and audit costs** necessarily incurred by the **insured** with the **insurer's** prior written consent, following and in connection with a direct financial loss sustained by the **insured** and payable by the **insurer** under this policy.
3. **corporate identity fraud costs** necessarily incurred by the **insured** with the **insurer's** prior written consent.

Coverage Restrictions

The **insurer** will not be liable to make any payment under this policy for that part of any **loss**:

1. *Bills of lading and similar documents*

arising out of, based upon or attributable to, any items which are or purport to be bills of lading, shipping documents, warehouse receipts, trust receipts, accounts receivable, or any other bill, document or receipt similar in nature or effect or serving a similar purpose, travellers' cheques or travellers' letters of credit.

This Coverage Restriction will not apply to Insuring Clause 1 (dishonest act of an employee) or 4 (physical loss of or damage to property or physical damage to or destruction of premises).

2. *Directors and partners dishonesty*

arising out of, based upon or attributable to, in whole or in part, any dishonest, fraudulent, malicious or criminal act of any director or partner of the **insured**, except to the extent that such director or partner is deemed to be an **employee**.

3. *Dishonest act of an employee*

arising out of, based upon or attributable to, any dishonest, fraudulent, malicious or criminal act of any **employee**.

This Coverage Restriction will not apply to Insuring Clause 1 (dishonest act of an employee) or Coverage Extensions 2 or 3.

4. *Existence, valuation or performance of assets*

resulting from the **insured**, or any **financial organization** acting on behalf of the **insured**, having acted or relied upon false information concerning the existence, valuation or performance of assets except when the information was fraudulently created, or fraudulently altered by a person other than the person who purported to have created it.

This Coverage Restriction only applies to Insuring Clause 3 (electronic or telephonic fraud).

5. *Extortion, kidnap or ransom*

arising out of, based upon or attributable to extortion or kidnap or ransom.

This Coverage Restriction will not apply to Insuring Clause 1 (dishonest act of an employee), 5 (extortion) or **software removal or reconstitution costs** covered under Coverage Extension 2.

6. *Fines, penalties or damages*

comprising fines, penalties or damages of any type except direct compensatory damages arising out of a **loss** covered by this policy.

7. Indirect loss

- (a) which is indirect or consequential except where covered under Coverage Extensions 1, 2 or 3;
- (b) which represents loss or deprivation of income or profits (including interest and dividends), except for interest covered under Coverage Extension 1(d) or a **loss of subscription rights** covered under Coverage Extension 1(e); or
- (c) arising out of, based upon or attributable to:
 - (i) business interruption or loss of computer time or use;
 - (ii) mechanical, electronic or software failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, **electronic media** failure or breakdown or any malfunction or error in programming; or
 - (iii) errors or omissions in processing except due to a **theft via erroneous transfer** covered under Coverage Extension 1(b).

8. Litigation costs and loss establishment fees

which is incurred in establishing the existence or amount of **loss** covered under this policy, or in prosecuting or defending any legal proceeding, or incurred as a party to any legal proceeding.

This Coverage Restriction will not apply to Coverage Extensions 2 and 3.

9. Loan default

arising out of, based upon or attributable to the complete or partial non-payment of or default upon any **loan**.

This Coverage Restriction will not apply to Insuring Clause 1 (dishonest act of an employee), 2 (documentary fraud), 3 (electronic or telephonic fraud) or **theft via erroneous transfer** covered under Coverage Extension 1(b).

10. Plastic cards

arising out of, based upon or attributable to the use or purported use of any credit, debit, charge, access, convenience, smart, identification or other cards similar in nature or effect issued by, or purporting to have been issued by, the **insured**.

This Coverage Restriction will not apply to:

- (a) Insuring Clause 1 (dishonest act of an employee);
- (b) the extent there is a loss of currency in or at an automated teller machine and that **loss** is a **physical loss of or damage to property** covered under Insuring clause 4; or
- (c) the extent that **loss** is a direct result of an **electronic or telephonic fraud** covered under Insuring Clause 3.

11. Prior discovery

which was **discovered** prior to the inception date of this policy.

12. Property damage

arising out of, based upon or attributable to, loss, damage or destruction:

- (a) of or to any premises, however caused, except where such loss, damage or destruction is a **physical damage to or destruction of premises** covered under Insuring Clause 4;
- (b) of or to any property whatsoever by reason of wear, tear, gradual deterioration, moth or vermin;
- (c) as a result of looting, or any act of nature; or
- (d) arising out of, based upon or attributable to ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component.

13. Safe custody

arising out of, based upon or attributable to, the loss of or damage to **property**:

- (a) contained in a customer's safe deposit box; or
- (b) held by the **insured** in safe custody on behalf of a customer of the **insured** (other than identifiable **securities** actually held by the **insured** for its customers);

This Coverage Restriction will not apply to Insuring Clause 1 (dishonest act of an employee), 5 (extortion) or Coverage Extensions 2 and 3.

14. War and terrorism

- (a) arising out of, based upon or attributable to, war, invasion, act of foreign enemy, hostile operations (whether war has been declared or not), civil war, rebellion, revolution, insurrection, riot or civil commotion amounting to a popular uprising, military or takeover of power or martial law.
- (b) arising out of, based upon or attributable to, directly or indirectly, terrorism except where the **loss** results directly from any actual or attempted burglary, robbery, hold-up, theft or larceny.

This Coverage Restriction only applies to Insuring Clause 4 (physical loss of or damage to property or physical damage to or destruction of premises), 5 (extortion) or Coverage Extensions 2 and 3.

15. Written documents

arising out of, based upon or attributable to, the **insured** (or a **financial organization** acting on behalf of the **insured**) having acted or relied upon electronic data for which the source is a physical document which is **forged, fraudulently altered, counterfeit** or contains information which is fictitious.

This Coverage Restriction only applies to Insuring Clause 3 (electronic or telephonic fraud).

Claim Provisions

1. Discovery and notification of loss

- (a) It is a condition precedent to coverage that upon **discovery** of a **loss**, the **insured** must:
- (i) give to the **insurer** written notice of that **loss**, as soon as practicable following **discovery**, but in no event later than 60 days after the end of the **policy period**, or within any applicable **discovery period**; and
 - (ii) file a detailed proof of **loss** in a format agreed with the **insurer** within 6 months of such written notice, or within a further period as agreed in writing by the **insurer**.

In the event that the **insured** is prevented from notifying any **loss** to the **insurer** (after the **insured** has sought consent to do so) due to any legal or regulatory prohibition restricting them from doing so, the **insured** must provide full details of the **loss** to the **insurer** as soon as such restriction is lifted.

In the event that the **insured** fails to provide notice of any **loss** in accordance with this provision, the **insurer** will not be entitled to deny coverage for that **loss** based upon late notice, unless the **insurer** can establish that their interests were materially prejudiced by reason of such late notice.

- (b) A **single event** will be treated by the **insurer** as having been notified when the first of such **losses** was notified to the **insurer**, irrespective of whether or not the **insurer** has formally accepted the notice.
- (c) All notices must be sent either by e-mail to claims.canada@beazley.com or by mail to the address below:

Beazley Canada Limited
First Canadian Place
4530 – 100 King Street W, P.O. Box 328
Toronto, ON M5X 1E1 Canada

2. Legal defence

The **insurer** will be entitled to participate fully in any legal proceedings and the incurring of **legal costs** where it is reasonably likely to involve the **insurer** making any payment under this policy.

If the **insured** admits liability or compromises or settles any demand, claim, suit or legal proceeding, or incurs any **legal costs**, without the **insurer's** prior written consent, this policy will not provide cover in connection with that admission, demand, claim, suit, legal proceeding or **legal costs**.

3. Allocation

Where a **loss** involves both parties covered and not covered and/or matters covered and not covered by this policy, a fair and proper allocation shall be made between the **insured** and the **insurer**, taking into account the relative legal and financial exposures attributable to the covered matters or persons and the matters or persons not covered by this policy.

4. Cooperation

The **insured** will:

- (a) give all information and assistance to the **insurer** as it may reasonably require to enable it to investigate any matter notified under this policy;
- (b) cooperate with the **insurer** in relation to any **loss** notified under this policy; and
- (c) take all reasonable steps to prevent or minimise any **loss**.

Except where expressly provided for in this policy, these steps will not be paid for by the **insurer**.

5. Valuation

- (a) In calculating the amount payable under this policy for any **loss**, deductions will be made in respect of recoveries received from any source. The **retention** will apply to the net figure after making these deductions, but nothing in this clause will be construed to mean that such **loss** is not payable under this policy until the net figure has been ascertained
- (b) In no event shall the **insurer** be liable for more than:
 - (i) the actual market value of **securities**, foreign funds, currencies or precious metals which will be determined by their closing market value on the last business day prior to the **loss** being **discovered** or, if less, the actual cost of replacing the **securities**;
 - (ii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **insured** in order to reproduce **physical records**;
 - (iii) the cost of blank electronic data processing media and the cost of labour for the actual transcription or copying of electronic data furnished by the **insured**, in order to reproduce that electronic data, however if that electronic data cannot be reproduced and represents **securities** or other financial instruments of value, then the **loss** will be valued as indicated at sub-paragraphs (i) and (iv) of this clause (b);
 - (iv) the actual cash value of other property at the time the **loss** was **discovered**, or the actual cost of repairing or replacing the property with property or material of like quality or value, whichever is less;
 - (v) the value of subscription, redemption, conversion or deposit privileges immediately prior to their expiry; or
 - (vi) any interest receivable which exceeds the average Bank of Canada base rate between the time of sustaining **loss** and the date of **discovery** of the **loss**.

- (c) In the event that a loss of **securities** is covered by this policy, the **insurer** will, at their election, indemnify the **insured** for either:
- (i) any premium required to be paid by the **insured** to purchase lost instrument bonds; or
 - (ii) an amount which the **insured** may be required to pay either during the **policy period** or any time after by reason of any indemnity agreement executed by the **insured** in relation to any lost instrument bonds issued or purchased by the **insured**,
- for the reissuing of duplicate securities.
- (d) In calculating **loss** as a result of the physical loss of or damage to cancelled cheques, cancelled drafts or cancelled credit card receipts, additional reasonable **employee** expenses necessarily incurred by the **insured** in identifying the depositors of those lost or damaged cancelled items, or in assisting depositors in obtaining duplicates, shall be included.

6. Other insurance

This policy will only pay **loss** that is in excess of any amount recoverable from a more specific crime and/or cyber insurance available to the **insured**. As excess insurance this policy will not apply or contribute to the payment of any **loss** until the amounts of that other insurance have been exhausted.

7. Financial interest coverage

This policy will cover the **policyholder** for loss caused to its financial interest in an **uncovered company** but will not provide cover for the loss of an **uncovered company**.

The **insurer** will pay the **policyholder** for loss to its financial interest in such **uncovered company** that is valued as the amount of **loss** which would have been payable to the **uncovered company** under this policy had the **uncovered company** been permissibly insured under this policy.

The **policyholder** will, as a condition of this policy:

- (a) procure that the **uncovered company** adheres to all duties, obligations and conditions under this policy that would have been applicable had the **uncovered company** been insured under this policy;
- (b) notify the **insurer** of any cause of action, benefit or recovery that an **uncovered company** may have in relation to the facts and circumstances of the loss;
- (c) ensure that the **uncovered company** enforces and/or assigns any cause of action, benefit or recovery to the **policyholder** and where there is a benefit or recovery, the amount payable under this policy shall be reduced by the same amount.

8. Subrogation and recoveries

Following a payment under this policy, the **insurer** will be subrogated to all rights and remedies available to the **insured** in connection with that payment therefore the **insurer** has the right to seek recovery of that payment from a third party and will be entitled to bring proceedings in the name of the **insured**. Whether before or after payment under this policy, the **insured** will take all steps necessary, or required by the **insurer**, to preserve the rights and remedies which the **insured** may have to recover its **loss**.

The **insured** will provide to the **insurer** any assistance the **insurer** may require to secure the rights and remedies set out above. The **insurer** shall be entitled to take control of all steps taken to recover any loss.

Any amounts recovered will be applied in the following order:

- (a) to reimburse costs incurred in bringing proceedings against the third party;
- (b) then to the **insured** for the amount of any **loss** which exceeds the **limit of liability**;

- (c) then to the **insurer** up to the amount of the **loss** paid by the **insurer** and the **limit of liability** will be reinstated for such amounts; and
- (d) then to the **insured** to reimburse the **retention**.

General Conditions

1. Limit of liability

The **limit of liability** is the maximum amount payable by the **insurer** under this policy in respect of all **insureds**, the Insuring Clause and all Coverage Extensions. However, if indicated as 'included' in the Declarations, the **limit of liability** will be automatically reinstated in the event of erosion or exhaustion by payment of **loss** to the extent of such erosion or exhaustion. Such reinstated **limit of liability** will only apply once the limit of liability of all insurance policies sitting excess of this policy have been exhausted.

The **insurer** will not be liable for more than the **limit of liability** in respect of all **loss** arising from a **single event** and twice the **limit of liability** in respect of all **loss** payable under this policy (in the event of a reinstatement).

Any **loss** paid by the **insurer** under this policy will reduce the **limit of liability**.

Where any sub-limit is specified in the policy or Declarations, the **insurer** will have no liability in excess of that sub-limit. Any sub-limit will be part of and not in addition to the **limit of liability**.

In the event that a **loss** is sustained by any **plan** that is covered under this policy, payment will be made by the **insurer** to the trustees of that **plan** for and on behalf of the beneficiaries.

2. Retention

The **insurer** shall be liable only for that part of **loss** which exceeds the **retention**.

Only one **retention**, being the largest, will be applied to the total amount of **loss** arising from a **single event**.

The **retention** will not apply in respect of any **loss** sustained or incurred by a **plan** where that **plan** is required by law to comply with the Employee Retirement Income Security Act 1974 (ERISA) (U.S.A.) or where that plan is required to be registered under Canadian Federal and Provincial pension legislation.

3. Change of control / acquisitions / employee dishonesty post discovery

In the event of a **change of control** of an **insured**, no cover under this policy will apply for any **loss** of that **insured** or their **plans** sustained after such **change of control**.

The **policyholder** will, as soon as practicable, give the **insurer** written notice of any **change of control** which takes place in respect of the **policyholder**.

Upon receipt by the **insurer** of such written notice, the **insurer** may agree at their sole discretion, upon receipt of sufficient information to allow the **insurer** to assess the potential increase in insurance risk, to the continuation of cover for **loss** that is sustained after such **change of control**, subject to the **policyholder** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

In the event of an acquisition of a **subsidiary**, no cover under this policy will apply for any **loss** of that **subsidiary** or their **plans** first sustained before such acquisition.

Cover under this policy shall cease in respect of any subsequent acts of any **employee**, as soon as any **responsible person**, not in collusion with that **employee**, **discovers** the commission of a dishonest, fraudulent, malicious or criminal act by such **employee** which could reasonably be foreseen to give rise to a

loss, but without prejudice to the loss of **valuable property** in transit in the custody of the **employee** at the time of **discovery**.

4. Discovery period

If this policy is not renewed or replaced the **insured** will be entitled:

- (a) to an automatic **discovery period** of 60 days; and
- (b) to purchase an optional **discovery period** for a longer period as specified in the Declarations, provided that written notice is given to the **insurer** by the **policyholder** within 30 days after the end of the **policy period** and any additional premium specified by the **insurer** is paid within 45 days of the end of the **policy period**.

The automatic **discovery period** is part of and not in addition to any optional **discovery period** purchased by the **insured**.

The **discovery period** is non-cancellable and the premium for the optional **discovery period** is deemed fully earned at the inception date of the optional **discovery period**.

In the event of a **change of control** of the **policyholder**, the **policyholder** is entitled to purchase a 72 month **discovery period** on such terms and conditions and for such additional premium as the **insurer** requires.

Any **discovery period** will not increase the **limit of liability**, and any payments made with respect to **loss** first **discovered** during the **discovery period** will be part of the **limit of liability**.

5. Cancellation

The **policyholder** may cancel this policy by giving the **insurer** prior written notice stating when the cancellation will be effective. In such event, the **insurer** will give the **policyholder** a pro rata refund of the premium for the remaining portion of the **policy period**. However, in the event that the **insured** has reported any **loss** under this policy, the premium will be deemed fully earned with no refund payable unless the **policyholder** withdraws, at the time of such notice of cancellation, all such **losses** from this policy.

The **insurer** will have the right to cancel this policy only for non-payment of premium by providing in writing 30 days' notice of cancellation to the **policyholder**. If the premium is paid in full to the **insurer** before the 30 day notice period expires, notice of cancellation will automatically be revoked. In the event of cancellation, the **insurer** will be entitled to the pro-rata portion of the premium. If this cancellation notice provision is in conflict with any governing law or regulation, then such provision will be amended to afford the minimum requirements permitted under such law or regulation.

6. Authorization

The **policyholder** will act on behalf of all **insureds** in connection with all matters relevant to this policy unless the **policyholder** is insolvent in which event the remaining entities will agree with the **insurer** as to which one of them will act on behalf of all **insureds**.

7. Third parties

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an **insured**.

8. Assignment

Neither this policy nor any right under it may be assigned without the prior written consent of the **insurer**.

9. Policy interpretation

This policy, its Declarations and any endorsements are one contract in which, unless the context otherwise requires:

- (a) headings and subheadings are descriptive only, solely for convenience, not an aid to interpretation and form no part of the terms and conditions of coverage;
- (b) the singular includes the plural, and the masculine includes the feminine, and vice versa;
- (c) "Including" and "include(s)" means without limitation;
- (d) references to specific legislation similar federal, provincial, state or local law, rule or regulation include amendments to and re-enactments of that legislation and any similar or equivalent legislation in the relevant jurisdiction;
- (e) references to positions, offices or titles will include their equivalents in any jurisdiction;
- (f) if any provision of this policy is or becomes void or illegal, is invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction, such provision will be deleted. The **insurer** and the **insured** will use their best efforts to agree a replacement for the provision which achieves as far as possible the same effect as would have been achieved by the deleted provision.

10. Governing law

This policy will be governed by and construed in accordance with the laws of the province where the **policyholder** is registered and the applicable laws of Canada. Any dispute will be submitted to the exclusive jurisdiction of the Courts of the province where the **policyholder** is registered.

11. Service of Suit

In any action to enforce the obligations of the **insurer**, service of proceedings may validly be made upon the Attorney In Fact in Canada, whose address for such service is 200 Bay Street, Suite 2930, PO Box 51, Toronto, ON M5J 2J2.

12. Duty of disclosure

The **insurer** expects the **insured** to comply with their duty of disclosure. In the event that there has been a breach of the duty of disclosure, the **insurer** will not exercise any available remedies for any breach that was free of any fraudulent conduct or intent to deceive.

The knowledge of each **responsible person** will be imputed to all **companies**.

13. Insurer's consent

Where the **insured** is required under this policy to seek the consent of the **insurer**, the **insurer** will not unreasonably withhold, delay or deny such consent.

14. Sanction limitation

The **insurer** will not be liable to provide any cover, benefit or pay any claim under this policy to the extent that the provision of such cover, benefit or payment of such claim would expose the **insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Canada, the European Union, United Kingdom or United States of America.

Definitions

The following definitions are applicable to all sections of this policy:

audit costs means reasonable fees and expenses necessarily incurred for independent outside accountants or similar specialists to determine the amount and extent of the **loss** payable by the **insurer** under this policy.

authenticated communication means authenticated electronic or telephonic communication authorizing, directing or acknowledging the transfer, payment, delivery or receipt of funds or **property**.

change of control means any one of the following events:

- (a) the **policyholder** consolidates with or merges into or sells all or a majority of its assets to any other person or entity or group of persons and/or entities acting in concert;
- (b) any person or entity, whether individually or together with any other person or persons, entity or entities becomes entitled to exercise more than 50% of the rights to vote at general meetings of the **policyholder** or control the appointment of directors who are able to exercise a majority of votes at meetings of the board of directors of the **policyholder**;
- (c) **financial impairment** in respect of an **insured**, but only in relation to that **insured**;
- (d) an entity ceases to be a **subsidiary** or **plan**, or becomes controlled by another entity by virtue of any law; or
- (e) a change of "control" occurred as specified in subsection 2(3) of the Canada Business Corporations Act, R.S.C. 1985, c. C-44.

corporate identity fraud means the fraudulent modification, corruption, or theft of publicly-available data relating to the **insured's** formation and genuine identity.

corporate identity fraud costs means reasonable fees, costs and expenses necessarily incurred in connection with **corporate identity fraud** first **discovered** during the **policy period**:

- (a) to investigate that **corporate identity fraud**;
- (b) to correct or reinstate public records;
- (c) when applying for civil proceedings to be dismissed or withdrawn because the alleged liability resides with someone other than the **insured**;
- (d) to procure public relations services to redress adverse publicity or reputational injury.

counterfeit means the imitation of any instrument which, because of the quality of the imitation, the **insured** or a **financial organization** believes is the authentic original instrument.

data security breach costs means the reasonable costs of:

- (a) hiring security experts, forensic investigators or similar experts to determine the existence and cause of an unauthorised appropriation and/or disclosure of personal or confidential information;
- (b) notifying natural person customers of the **insured** who have been affected by an unauthorised appropriation and/or disclosure of personal or confidential information;
- (c) hiring external lawyers to determine the mandatory actions required by any regulator;
- (d) credit monitoring services (to the extent required by applicable data protection laws) in respect of natural persons affected by an unauthorised appropriation and/or disclosure of personal or confidential information; and
- (e) establishing, publicising and running call centre services,

which directly arises out of a legal obligation on the **insured** to comply with applicable data protection laws to notify natural persons of an unauthorised appropriation and/or disclosure of their personal or confidential information, held on file by the **insured** in either physical or electronic form, provided that it was the practice and procedure of the **insured** to install available software updates and releases and apply security-related software patches.

data security breach costs does not mean costs that are incurred more than 90 days after discovery of the unauthorised appropriation and/or disclosure of personal or confidential information or any **employee benefits**.

discovered, discovers or **discovery** means the time at which a **responsible person** becomes aware of facts which would cause a reasonable person to believe that a **loss** of the kind covered by this policy has been or will be incurred, even though the exact amount or details of that **loss** may not be known at that time. **Discovery** shall constitute discovery by every **insured**.

discovery period means the period of time following the end of the **policy period** during which notice may be given to the **insurer** of any **loss** sustained prior the end of the **policy period**.

dishonest act of an employee means a dishonest, fraudulent, malicious or criminal act of any **employee**, committed alone or in collusion with others. However, in respect of **loss** resulting from **loans** or **trading**, the **dishonest act of an employee** only means dishonest, fraudulent, malicious or criminal acts of any **employee** committed with the intent to obtain an improper financial gain for themselves or for any other person or organization in dishonest, fraudulent, malicious or criminal collusion with the **employee**. The term 'improper financial gain' does not include **employee benefits**.

documentary fraud means:

- (a) the **insured** or any **financial organization** acting on behalf of the **insured**, having acted or relied upon any **security, instruction** or currency which has been **forged** or **fraudulently altered**, is **counterfeit** or has been lost or stolen; or
- (b) the **insured** having acted or relied upon any authenticated **instruction** made by **fraudulent impersonation**,

and which is at the time of the act or reliance, in the physical possession of the **insured**, or a **financial organization** acting on behalf of the **insured**.

electronic media means the media on which electronic data is stored in a form readily usable in a computer system.

electronic or telephonic fraud means:

- (a) the **insured**, or a **financial organization** acting on behalf of the **insured**, having acted or relied upon:
 - (i) electronic data, computer programs or **authenticated communication** that is **impaired**; or

- (ii) **authenticated communication** which dishonestly, fraudulently, maliciously or criminally purports to be, but is not, from a customer of the **insured**, another office or department of the **insured**, a **financial organization** or **vendor**.
- (b) any **financial organization** or customer of the **insured** having acted or relied upon any **authenticated communication** which dishonestly, fraudulently, maliciously or criminally purports to be, but is not, from the **insured** or any **financial organization** acting on its behalf; or
- (c) the dishonest, fraudulent, malicious or criminal introduction or activation of any **malicious code**.

employee means any:

- (a) natural person:
 - (i) under a contract of employment with; or
 - (ii) working under the control and supervision of, the **insured**;
- (b) director or officer of the **insured** when performing acts coming within the scope of the usual duties of an employee of the **insured** or while acting as a member of a committee duly elected or appointed by resolution of the board of directors of the **insured** to perform specific acts, as distinguished from general directorial acts, on behalf of the **insured**;
- (c) trustee, fiduciary, administrator, or officer of any **plan**;
- (d) ex-employee, for a period not exceeding 60 days following the termination of their employment with the **insured**, other than when that termination is a result of a dishonest, fraudulent, malicious or criminal act;
- (e) lawyer, other than a sole practitioner, retained by the **insured** whilst providing legal services exclusively for the **insured**; or
- (f) company or person authorised by a written contract with the **insured** to perform accounting, data processing of the cheques, payroll or computing services outsourced by the **insured**,

whether or not the **insured** is able to identify that person by name, provided that the **insured** proves beyond reasonable doubt that the **loss** was due to the act of that person.

The term **employee** does not mean any independent broker, independent financial advisor, or any similar agent or independent representative remunerated on a sales or commission basis.

employee benefits means salaries, fees, commissions, bonuses and similar employee benefits earned in the normal course of employment.

extortion means the **insured** having delivered, transferred or caused to have transferred funds or property as a result of a threat:

- (a) to do bodily harm to:
 - (i) a director, officer or **employee** of the **insured**; or
 - (ii) any lawful spouse, civil or domestic partner or family member of a person in (i) above;
- (b) to do damage to the premises or **property** of the **insured**;
- (c) to sell or disclose confidential security codes, computer programs or electronic data to another person or party;
- (d) to destroy, corrupt, alter or divulge computer programs or electronic data which are stored within a computer system by causing electronic data or computer programs to be **impaired**; or

(e) to deny access to a computer or communications or payments system,

provided that, prior to or immediately after the delivery or transfer of funds or property, the person receiving the threat has made a reasonable effort to report the extortionist's demand to a director or officer of the **insured** and to the police or local law enforcement authorities and, in respect of (d) and (e) only, believed that the threat was credible and technologically feasible at the time made.

financial impairment means the appointment by any provincial, territorial, state or federal official, agency or court of any receiver, trustee, examiner, conservator, liquidator, rehabilitator or similar official to take control of, supervise, manage or liquidate the **insured**.

financial organization means:

- (a) any bank, credit institution, financial institution, undertaking for collective investment in **securities**, investment firm or similar entity;
- (b) any entity or organization with which the **insured** has a written or electronic agreement for the provision of purchasing services, safekeeping, registration and entitlement records for the **insured** in connection with **securities**, or any regulated central securities depository or international central securities depository, or any regulated sub-custodian which that entity, organization or depository has entered into a written or electronic agreement for the provision of those services; or
- (c) any regulated stock exchange, commodities, mercantile, futures or derivatives exchange, or clearing house, or any other regulated trading facility, trading system or network providing services or functionality of a similar nature.

forged means bearing a forged signature of a genuine person without the authority of that person and with the intent to deceive. A mechanically or electronically reproduced signature shall be treated the same as a handwritten signature. **Forged** does not include the signing of one's own name, in whole or in part, in any capacity.

fraudulently altered means materially altered for a fraudulent purpose by any person other than the person who was authorised to prepare or sign the document.

fraudulent impersonation means the intentional and fraudulent deceiving of an **employee** by any natural person purporting to be another natural person.

impaired means dishonestly, fraudulently, maliciously or criminally input, modified, replicated, corrupted or deleted, and additionally in relation to computer programs and **authenticated communications**, dishonestly, fraudulently, maliciously or criminally created, prepared or altered.

instruction means written or printed instruction or advice directed to the **insured** authorizing, directing or acknowledging the transfer, payment, delivery or receipt of funds or **valuable property**.

insured means the **policyholder**, any **subsidiary** and **plan**.

insurer means Beazley Syndicate 3623 at Lloyd's.

legal costs means reasonable fees, costs and expenses necessarily incurred in the defence, settlement or appeal of any demand, claim, suit or legal proceeding which the **insured** establishes results directly from the **loss** payable by the **insurer** under this policy.

limit of liability means the amount specified in the Declarations.

loan means:

- (a) all extensions of credit by the **insured** and/or all transactions creating a creditor or lessor relationship in favour of the **insured**; or
- (b) any note, account, agreement or other evidence of debt assigned to, or discounted or acquired by, the **insured** including the purchase, discounting or acquisition of false or genuine accounts or invoices.

loss means:

- (a) direct financial loss sustained by the **insured**;
- (b) in respect of Coverage Extension 1 (e) its legal liability to customers or third parties;
- (c) **data security breach costs, software removal or reconstitution costs, legal costs and audit costs** to the extent afforded by Coverage Extension 2; and
- (d) **corporate identity fraud costs** to the extent afforded by Coverage Extension 3.

loss does not include **employee benefits** except those paid to an **employee** for a specific transaction in respect of which that **employee** committed a dishonest, fraudulent, malicious or criminal act.

loss of subscription rights means the loss of subscription, redemption, conversion or deposit privileges through the misplacement, loss or damage to any **security**, or electronic data representing a **security**.

malicious code means computer or software code which causes:

- (a) damage to or loss, destruction or modification of electronic data contained within any **electronic media**, or any computer or communications or payments system of the **insured**, or any **financial organization** acting on its behalf; or
- (b) damage to or destruction of **electronic media**, or any computer or communications or payments system of the **insured**.

management control means:

- (a) controls the composition of the board of directors;
- (b) controls more than half of the shareholder voting power; or
- (c) holds more than half of the issued share capital.

office contents means the furnishings, fixtures, equipment, tangible computer related equipment, alarms, stationery, supplies, safes, or vaults and the personal property of **employees** or customers, within the **insured's** premises.

physical loss of or damage to property means the physical loss of, damage to or destruction of **property**:

- (a) anywhere by any means (other than as described in (b) and (c) below);
- (b) whilst in the physical possession of any customer of the **insured**, or representative of such customer, whilst on the **insured's** premises;
- (c) due to the **insured** being deceived as to the identity of any natural person but only if the **insured** was deceived while the natural person was physically present at the **insured's** premises.

physical damage to or destruction of premises means damage to or destruction of the premises of the **insured** and the **office contents** of such premises, provided that the destruction or damage is caused by any actual or attempted burglary, robbery, hold-up, theft or larceny, vandalism or malicious mischief at those premises, and that the destruction or damage is not caused by fire.

physical records means the books of account and records of the **policyholder**, any **subsidiary** and any **plan**.

plan means:

- (a) any pension, welfare benefit, share saver or share option or other plan maintained by the **insured** for the benefit of the past, present and/or future **employees** or their respective beneficiaries; or
- (b) any charitable trust, fund or foundation with a social or cultural objective which was founded and is currently supported directly by the **policyholder** or indirectly through a **subsidiary**.

policyholder means the entity named in the Declarations.

policy period means the period specified in the Declarations.

property means **valuable property, electronic media or physical records**.

responsible person means the Risk Manager, Insurance Manager, Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Compliance Officer, Head of Audit or General Counsel of the **policyholder**.

retention means the amount specified in the Declarations.

security means stocks, shares, scrip, transfers, certificates, bonds, coupons, and all other types of securities (including securities held in book entry form or as a statement of uncertificated security), cheques, bills of exchange, drafts, certificates of deposit, promissory notes, letters of credit, warrants, title deeds, deeds of trust, bearer instruments, withdrawal orders, receipts for the withdrawal of funds, money orders, orders upon public treasuries, instruments of value (serving the same purpose) and any other documents of negotiable nature, original (and original counterpart) written agreements with a value transferable on delivery with any necessary assignment or endorsement, original corporate, partnership or personal guarantees.

single event means all **loss** arising out of, based upon or attributable to the same originating cause, source or event.

software removal or reconstitution costs means reasonable fees and expenses necessarily incurred for the verification, reconstitution or removal of electronic data or computer programs, or removal of computer or software codes.

subsidiary means any entity in which the **policyholder** either directly or indirectly through one or more entities has or had **management control** on or before the inception date of this policy.

subsidiary will include:

- (a) any new entity which the **insured** incorporates during the **policy period** and which, at the time of incorporation, the **insured** has **management control**;
- (b) any entity that the **insured** acquires **management control** of during the **policy period**.

subsidiary does not include any fund, investment vehicle, managed investment scheme or trust.

theft via erroneous transfer means theft by a third party of **valuable property** erroneously directed or erroneously transferred by the **insured** or by a **financial organization** acting on their behalf. The **insured** must exhaust every reasonable course of action to secure recovery of the **valuable property**.

trading means the purchase, sale or other dealings in:

- (a) **securities**, commodities, futures, options, derivatives, funds, currencies, foreign exchange and similar instruments; or

- (b) any other instruments traded through any regulated stock exchange, commodities or mercantile exchange, futures or derivatives exchange, or clearing house, or any other regulated trading facility, trading system or network providing services or functionality of a similar nature.

uncovered company means any **insured**:

- (a) that would, subject to the terms and conditions of this policy, have been insured under this policy were it not located in a jurisdiction where it is impermissible under any applicable law, licence or authorisation for the **insurer** to provide insurance to that **insured**; or
- (b) which the **policyholder** has elected that the policy will not cover directly but, instead, the policy will cover the **policyholder's** own financial interest in such **insured**.

valuable property means the following items, but only to the extent that they are in physical form:

- (a) cash, bullion, precious metals of all kinds and in whatever form, jewellery, gems, precious and semi-precious stones, stamps, postal orders, insurance policies;
- (b) any **security** represented by an instrument issued in bearer or registered form; or
- (c) all other negotiable and non-negotiable instruments or contracts representing money or other property or interests therein and other valuable papers,

in which the **insured** has an interest or which are held by the **insured**.

vendor means any entity or individual which has a written or electronic agreement with the **insured** for the provision of products or services by such entity or individual to the **insured**.



Authorized Insurer's Representative
Beazley Canada Limited