

NOT-FOR-PROFIT MANAGEMENT LIABILITY POLICY CRIME COVERAGE SECTION

In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the terms, conditions and limitations of this Coverage Section, the Underwriter and the **Insureds** agree as follows:

I. INSURING AGREEMENTS

A. FIDELITY COVERAGE

1. Employee Theft Coverage

The Underwriter shall pay the **Insured** for direct loss of **Money, Securities or Property** sustained by an **Insured** resulting directly from **Theft** or **Forgery** committed by an **Employee** acting alone or in collusion with others.

2. Employee Theft of Client Property Coverage

The Underwriter shall pay the **Insured** for direct loss of **Money, Securities or Property** sustained by a **Client** resulting directly from **Theft** or **Forgery** committed by an **Employee** acting alone or in collusion with others.

3. ERISA Coverage

The Underwriter shall pay the **Insured** for direct loss of **Money, Securities or Property** sustained by an **ERISA Plan** resulting directly from a fraudulent or dishonest act committed by a **Fiduciary** acting alone or in collusion with others.

B. PREMISES COVERAGE

The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from:

1. **Robbery, Safe Burglary** or the unlawful taking of **Money** or **Securities** committed by a **Third Party**,

2. actual destruction or disappearance of **Money** or **Securities**,

present inside the **Premises** or **Banking Premises**.

Coverage under this Insuring Agreement B shall also include:

a. direct loss of or damage to **Property** which results directly from **Robbery** or attempted **Robbery** within the **Premises**;

b. direct loss from damage to such **Property** contained within a locked safe or vault, directly caused by an actual or attempted **Safe Burglary** within the **Premises**;

c. direct loss from damage to a locked safe, cash drawer, cash box or cash register within the **Premises** by felonious entry or attempted felonious entry or loss by felonious abstraction of such container from within the **Premises**; and

3. direct loss from damage to the **Premises** or to its exterior resulting directly from **Safe Burglary** or **Robbery**, if the **Insured** is the owner of the **Premises** or is liable for damage committed to the **Premises**,

committed by a **Third Party**.

C. **IN TRANSIT COVERAGE**

1. The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from **Robbery** or unlawful taking of **Money** or **Securities** committed by a **Third Party**; or the actual destruction or disappearance of **Money** or **Securities** while **In Transit** or while temporarily within the home of an **Employee** or a partner of an **Insured**.
2. The Underwriter shall pay the **Insured** for direct loss from damage to **Property** directly resulting from **Robbery** while **In Transit** or while temporarily within the home of an **Employee** or a partner of an **Insured** committed by a **Third Party**;

D. **FORGERY OR ALTERATION COVERAGE**

The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from **Forgery** or alteration of a **Financial Instrument** committed by a **Third Party**, including:

1. any check, draft, promissory note, convenience check, HELOC check or similar written promise, order or direction to pay a sum certain in **Money**, made, drawn by or drawn in the name of the **Insured**; and
2. any check, draft, promissory note, convenience check, HELOC check or similar written promise, order or direction to pay a sum certain in **Money** or drawn by one purported acting as the agent of the **Insured**.

E. **COMPUTER CRIME COVERAGE**

1. **Computer Fraud Coverage**

The Underwriter shall pay the **Insured** for direct loss of **Money**, **Securities** or **Property** sustained by an **Insured** resulting directly from **Computer Fraud** committed by a **Third Party**.

2. **Computer Data Restoration Expenses Coverage**

The Underwriter shall pay the **Insured** for reasonable **Computer Data Restoration Expenses** incurred by the **Insured** and resulting directly from a loss covered under Insuring Agreement E.1 of the Coverage Section, but only if such covered loss is in excess of the Deductible applicable to such covered loss.

F. **FUNDS TRANSFER FRAUD COVERAGE**

The Underwriter shall pay the **Insured** for direct loss of **Money** or **Securities** sustained by an **Insured** resulting from **Funds Transfer Fraud** committed by a **Third Party**.

G. MONEY ORDERS AND COUNTERFEIT CURRENCY FRAUD COVERAGE

The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from **Money Orders and Counterfeit Currency Fraud** committed by a **Third Party**.

H. CREDIT CARD FRAUD COVERAGE

The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from **Credit Card Fraud** committed by a **Third Party**.

I. SOCIAL ENGINEERING FRAUD COVERAGE

The Underwriter shall pay the **Insured** for direct loss sustained by an **Insured** resulting from an **Insured** having transferred, paid or delivered any **Money** or **Securities** as the direct result of **Social Engineering Fraud** committed by a person purporting to be a **Vendor, Client** or **Employee** who was authorized by the **Insured** to instruct other **Employees** to transfer **Money** or **Securities**.

J. PERSONAL ACCOUNT PROTECTION

1. Personal Accounts Forgery or Alteration

The Underwriter shall pay the **Insured**, on behalf of the **Executive**, for direct loss sustained by an **Executive** resulting directly from **Forgery** or alteration of any **Financial Instrument** to pay a sum certain in **Money** that is made or drawn upon the personal account for such **Executive**, or purportedly made or drawn upon the account of such **Executive**.

For the purposes of this Insuring Agreement J.1, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original check it replaced.

2. Identity Fraud Expense Reimbursement

The Underwriter shall pay the **Insured**, on behalf of an **Executive**, for **Identity Fraud Expense** incurred by an **Executive** resulting directly from **Identity Fraud**.

K. EXPENSE COVERAGE

The Underwriter shall pay the **Insured** for reasonable **Investigative Expenses** incurred and paid by the **Insured**, with the Underwriter's prior written consent, to pay an independent accounting, auditing or other service that is not a **Client** to determine the existence or amount of loss covered under any Insuring Agreement of this Coverage Section; up to the Limit of Liability for the Expense Coverage Insuring Agreement set forth in ITEM 1 of the Crime Declarations and in excess of the deductible applicable to such covered loss. Such Limit of Liability for Expense Coverage shall be part of and not in addition to the Limit of Liability applicable to such other Insuring Agreement.

II. DEFINITIONS

When used in the Crime Coverage Section, the following terms, whether in the singular or plural, are defined as follows:

- A. **Banking Premises** means the interior portion of a building occupied by, or the depository or safe maintained by, any bank, trust company or similar financial institution, including a night depository chute, ATM machine owned by such financial institution (wherever located) or safe of such institution.
- B. **Client** means a customer of an **Insured** to whom an **Insured** provides goods or services under written contract or for a fee.
- C. **Computer Data Restoration Expenses** means reasonable expenses, other than the **Insured's** internal corporate costs (such as salary), incurred by the **Insured**, with the Underwriter's prior written consent, to reproduce or duplicate damaged or destroyed data that was stored in the **Insured's** computer system and was damaged or destroyed directly as a result of a loss covered under Insuring Agreement E.1 (Computer Fraud Coverage). Such damaged or destroyed data shall be reproduced or duplicated from other data available to the **Insured**; however, if such damaged or destroyed data cannot be reproduced or duplicated from other data, then **Computer Data Restoration Expenses** means reasonable costs, other than the **Insured's** internal corporate costs (such as salary), incurred by the **Insured** for computer programmers or technology consultants to restore such damaged or destroyed data to substantially the same level existing immediately before the covered loss. **Computer Data Restoration Expenses** shall not include any expenses incurred by a **Client**.
- D. **Computer Fraud** means the unlawful taking of **Money**, **Securities** or **Property** resulting from a **Computer Violation**.
- E. **Computer System** means a computer or network of computers, including its input, output, processing, storage and communication facilities, and shall include off-line media libraries.
- F. **Computer Violation** means an unauthorized:
 - 1. entry into or deletion of **Data** from a **Computer System**;
 - 2. change to **Data** elements or program logic of a **Computer System**, which is kept in a machine readable format; or
 - 3. introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**;directed against an **Insured**.
- G. **Confidential Information** means confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any similar type of nonpublic information.
- H. **Contractual Independent Contractor** means any natural person independent contractor while in the regular service of the **Insured** in the ordinary course of such **Insured's** business, pursuant to a written contract for services between such **Insured**, and either (i) such natural

person independent contractor, or (ii) any other entity acting on behalf of such natural person independent contractor.

- I. **Credit Card Fraud** means the **Forgery** or alteration of, on or in, any written instrument required in connection with any credit card, debit card, or charge card issued to the **Insured** or at the request of the **Insured**, to any partner, officer or **Employee** of the **Insured**.
- J. **Data** means information contained in records, manuscripts, accounts, microfilms, tapes or other records, which are processed and stored in a **Computer System**.
- K. **Discover, Discovery or Discovered** means knowledge acquired by an **Executive** which would cause a reasonable person to believe a covered loss has occurred or an occurrence has arisen that may subsequently result in a covered loss, including loss:
 - 1. sustained prior to the inception date of any coverage under this Coverage Section;
 - 2. which does not exceed the applicable Deductible set forth in ITEM 1 of the Crime Declarations; or
 - 3. the exact amount or details of which are unknown;

provided that **Discovery** or **Discovered** shall not include knowledge acquired by an **Executive** acting alone or in collusion with an **Employee**, or the knowledge possessed by any **Executive** who is a participant in the **Theft** or **Forgery**.

- L. **Employee** means any:
 - 1. natural person:
 - a. while in the regular service of the **Insured** or for 60 days after termination of service, unless such termination is due to **Theft** or **Forgery** or any other dishonest act committed by the **Employee**;
 - b. whom such **Insured** governs and directs in the performance of such service for such **Insured** and
 - c. whom the Insured compensates directly by salary, wages or commissions;.
 - 2. natural person who is furnished temporarily to the Insured:
 - a. to substitute for a permanent **Employee**, as defined in Paragraph 1 above, who is on leave; or
 - b. to meet seasons or short-term workload conditions;

while that person is subject to the **Insured's** direction and control and performing services for the **Insured**; provided, any such natural person who has care and custody of property outside the **Premises** is specifically excluded from this definition;
 - 3. **Executive** while performing acts within the scope of the usual duties of an **Employee**;
 - 4. **Contractual Independent Contractor**;

5. any natural person who is a guest student of the **Insured** or intern pursuing studies or duties with the **Insured**;
6. natural person fiduciary, trustee, administrator or **Employee**, as defined in paragraphs 1 and 2 above, of an **ERISA Plan** and any other natural person, who handles **ERISA Plan** assets and is required to be bonded by the **Insured** in connection with such **ERISA Plan** by Title 1 of the Employee Retirement Income Security Act of 1974, as amended, or by the Pension Protection Act of 2006;
7. former or retired **Employee**, as defined in paragraphs L. 1 and 2 above, of the **Insured**, retained as a consultant (as evidenced by a written contract for services) to the **Insured**;
8. any non-compensated natural person other than one who is a fund solicitor, while performing services of the **Insured** that are within the scope of the usual duties of an **Employee**;
9. natural person who is a non-compensated officer;
10. any natural person who is a volunteer for the **Insured**; or
11. any **Employee** of the **Insured**, while on military, family, medical or similar leave.

Employee does not mean any agent, broker, factor, commission merchant, consignee or representative or other person of the same general character not specified in Paragraphs 1. through 11. above.

- M. **ERISA Plan** means any Employee Benefit Plan, Pension Benefit Plan or Welfare Benefit Plan, defined and required to be bonded under Title 1 of the Employee Retirement Income Security Act of 1974, as amended, or by the Pension Protection Act of 2006, which is operated solely by the **Insured** or jointly by the **Insured** and a labor **Insured** for the benefit of **Employees** and which existed on or before the inception of this Policy or which is created or acquired after the inception of this Policy, provided that **ERISA Plan** shall not include any multi-employer plan.
- N. **Executive** means any natural person specified below:
1. a duly elected or appointed director, officer, trustee, in-house general counsel or duly constituted committee member of any **Insured** incorporated in the United States of America;
 2. a duly elected or appointed: (i) manager or member of the Board of Managers or equivalent position; (ii) duly constituted committee member; (iii) in-house general counsel; or (iv) trustee, of any **Insured** formed as a limited liability company in the United States of America; or
 3. a holder of an equivalent position to those described in paragraphs 1 or 2 above in any **Insured** incorporated, formed or organized anywhere in the world.
- O. **Fiduciary** means any natural person who is a:
1. trustee, officer, employee, administrator or manager of an **ERISA Plan**, except an administrator or manager of an **ERISA Plan** who is an independent contractor; and

2. **Executive** of the **Insured** while that person is handling **Money**, **Securities** or **Property** of any **ERISA Plan**.
- P. **Financial Instrument** means checks, drafts or similar written promises, orders or directions to pay a sum certain in money, that are made, drawn by or drawn upon the **Insured** or by anyone acting as the **Insured's** agent, or that are purported to have been so made or drawn.
- Q. **Forgery** means the signing of another natural person's name with the intent to deceive, but does not mean a signature that includes, in whole or in part, 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.
- R. **Funds Transfer Fraud** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions (other than **Forgery**), purportedly issued by an **Insured**, and issued to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by such **Insured** at such institution, without such **Insured's** knowledge or consent.
- S. **Identity Fraud Expenses** means:
1. costs for notarizing fraud affidavits or similar documents for credit agencies, financial institutions, merchants or other credit grantors that have required such affidavits be notarized;
 2. costs for certified mail to law enforcement agencies, credit agencies, financial institutions, merchants or other credit grantors;
 3. costs for long distance telephone calls to law enforcement agencies, credit agencies, financial institutions, merchants or other credit grantors to discuss any actual **Identity Fraud**;
 4. lost wages, up to a maximum of one thousand dollars (\$1,000) per week for a maximum period of five (5) weeks, as a result of absence from employment:
 - a. to communicate with law enforcement agencies, legal counsel, credit agencies, financial institutions, merchants or other credit grantors;
 - b. to complete fraud affidavits or similar documents; or
 - c. due to wrongful incarceration arising solely from another person having committed a crime in an **Executive's** name; provided, that lost wages shall not apply in the case of wrongful incarceration absent all charges being dismissed or an acquittal;
 5. loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
 6. reasonable attorney fees incurred, with the Underwriter's prior written consent, for:
 - a. defense of lawsuits brought against an **Executive** by financial institutions, merchants, other credit grantors or their collection agencies;

- b. the removal of any criminal or civil judgments wrongly entered against an **Executive**;
or
 - c. challenging the accuracy or completeness of any information in a consumer credit report.

- T. **Insurance Representative** means an **Employee**, as defined in Sections II.L.1 and II.L.2 of the definition of **Employee**, including a risk manager, designated to represent an **Insured** for the purpose of effecting and maintaining insurance.

- U. **Insured** means:
 - 1. for the purposes of Insuring Agreement A.3 (ERISA Plan Coverage), any **ERISA Plan**; or
 - 2. for the purposes of all other Insuring Agreements any **Organization** or any **Sponsored Plan**.

- V. **In Transit** means being conveyed outside the **Premises**, from one person or place to another, by the **Insured** within the custody of:
 - 1. an **Employee** or a partner of the **Insured**; or
 - 2. a person duly authorized by such **Insured** to have custody of **Money, Securities** or **Property**;

provided that such conveyance begins immediately upon receipt of **Money, Securities** or **Property** by the person(s) described in Paragraphs 1 or 2 above, from such **Insured**, and ceases immediately upon delivery to the designated recipient or its agent.

- W. **Investigative Expenses** means reasonable expenses, other than the **Insured's** internal corporate costs (such as **Salary**), incurred by the **Insured** with the Underwriter's prior written consent to establish the existence and amount of a covered loss. **Investigative Expenses** shall not include expenses incurred by any **Client**.

- X. **Money** means currency, coin, bank notes, bullion, travelers checks, registered checks and money orders held for sale to the general public.

- Y. **Money Orders and Counterfeit Currency Fraud** means the good faith acceptance by the **Insured**:
 - 1. in exchange for merchandise, **Money** or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation; or
 - 2. in the regular course of business, of counterfeit paper currency.

- Z. **Non-ERISA Plan** means any employee benefit plan not subject to Title 1 of the Employee Retirement Income Security Act of 1974, as amended, or by the Pension Protection Act of 2006, which is operated solely by the **Insured** or jointly by the **Insured** and a labor **Insured** for the benefit of **Employees** and which existed on or before the inception of this Policy or which is created or acquired after the inception of this Policy, provided that **Non-ERISA Plan** shall not include any multi-employer plan.

- AA. **Premises** means the interior portion of a building occupied by the **Insured** in conducting its business.
- BB. **Property** means tangible property other than **Money** or **Securities** that has an intrinsic value. **Property** shall not include any intangible property such as computer programs, electronic data or any other property excluded from coverage under this Coverage Section.
- CC. **Robbery** means the unlawful taking of **Money, Securities** or **Property** from the custody of an **Employee** or other person (except a person acting as a watchman, porter or janitor) duly authorized by the **Insured** to have custody of such **Money, Securities** or **Property**, by violence or threat of violence, committed in the presence and cognizance of such **Employee** or other person.
- DD. **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**.
- EE. **Salary** means compensation an **Insured** pays an **Employee**, including bonus, commission, incentive payments, and the cost of health, welfare and pension benefits.
- FF. **Securities** means any negotiable and non-negotiable contracts or instruments representing either **Money** or **Property**, including revenue and other stamps in current use, casino chips, tokens and tickets, provided that **Securities** shall not include **Money**.
- GG. **Social Engineering Fraud** means the intentional misleading of an **Employee**, through misrepresentation of a material fact which is relied upon by an **Employee**, believing it be genuine.
- HH. **Sponsored Plan** means any **ERISA Plan** and **Non-ERISA Plan**.
- II. **Theft** means the unlawful taking of **Money, Securities** or **Property** to the deprivation of:
 - 1. an **Insured**, solely for the purposes of Insuring Agreement A.1 (Employee Theft Coverage) and A.2 (ERISA Plan Coverage); or
 - 2. a **Client**, solely for the purposes of Insuring Agreement A.3 (Client Coverage).
- JJ. **Third Party** means a natural person other than:
 - 1. an **Employee**; or
 - 2. a natural person acting in collusion with an **Employee**.
- KK. **Vendor** means any entity or natural person that has provided goods or services to the **Insured** under a legitimate pre-existing arrangement or written agreement. However, **Vendor** does not include any financial institution, asset manager, broker-dealer, armored motor vehicle company, or any similar entity.

III. EXCLUSIONS

- A. No coverage will be available for:

1. **TRADING**

loss resulting directly or indirectly from any authorized or unauthorized trading of **Money**, **Securities** or **Property**, whether or not in the name of an **Insured** and whether or not in a genuine or fictitious account, provided that this exclusion shall not apply to direct losses caused by **Theft** or **Forgery** which result in improper financial gain to an **Employee** (direct losses as used herein shall mean only the amount of improper financial gain to such **Employee**, which shall not include **Salary**, commissions, fees or other compensation, including promotions and raises associated with employment, paid by the **Insured** to such **Employee**);

2. **CONFIDENTIAL INFORMATION**

- a. loss involving the disclosure or use of an **Insured's** or another entity or person's **Confidential Information** while in the care, custody or control of an **Insured**; or
- b. fees, costs, fines, penalties or any other expenses incurred by an **Insured** which result, directly or indirectly, from the access to or disclosure of **Confidential Information**;

3. **OWNER/PARTNER**

loss due to **Theft** or **Forgery** committed by an owner or partner of the **Insured**, whether acting alone or in collusion with others, provided that if such **Theft** or **Forgery** would otherwise be covered under Insuring Agreement A (Fidelity Coverage), this exclusion shall not apply to the extent coverage under this Coverage Section is excess of the amount of such owner or partner's percentage ownership of such **Insured**, on the day immediately preceding the date of **Discovery**, multiplied by such **Insured's** total assets as reflected in such **Insured's** most recent annual financial statements;

4. **WAR**

loss or damage due to declared or undeclared war, civil war, insurrection, rebellion, revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization, or any act or condition incident to any of the foregoing;

5. **NUCLEAR**

loss or damage due to nuclear reaction, nuclear radiation or radioactive contamination, or any act or condition incident to any of the foregoing;

6. **SOCIAL ENGINEERING FRAUD**

loss or damage due to **Social Engineering Fraud**; provided that this exclusion shall not apply to otherwise covered loss under Insuring Agreement I (Social Engineering Coverage);

7. **POTENTIAL INCOME**

loss of income not realized as the result of a covered loss;

8. **INDIRECT/CONSEQUENTIAL**

indirect or consequential loss of any kind, provided that this exclusion shall not apply to:

- a. otherwise covered **Investigative Expenses** and **Computer Data Restoration Expenses** under Insuring Agreement E.2 (Computer Data Restoration Expense Coverage) and Insuring Agreement K (Expense Coverage);
- b. the cost of reproducing information contained in any lost or damaged manuscripts, records, accounts, microfilms, tapes, or other records resulting directly from a covered loss, provided that the **Insured's** maximum liability for the cost of reproducing information contained in any lost or damaged manuscripts, records, accounts, microfilms, tapes, or other records resulting directly from a covered loss sustained shall be \$25,000, which amount shall be part of, and not in addition to, the applicable Limit of Liability set forth in ITEM 1 of the Crime Declarations;

9. **DATA, FEES, COSTS AND EXPENSES**

fees, costs or expenses incurred or paid:

- a. as a result of the reconstitution of **Data** if the **Insured** knowingly used illegal copies of programs;
- b. to render the **Data** usable by replacement processing equipment;
- c. to design, update or improve software or programs or to perfect their operation or performance; or
- d. 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 or its facilities;

10. **LEGAL FEES, COSTS AND EXPENSES**

fees, costs or expenses incurred or paid in defending or prosecuting any legal proceedings or claim, provided that this exclusion shall not apply to the coverage provided under Section IV (Legal Expenses Extension);

11. **VOLUNTARY EXCHANGE OR PURCHASE**

loss due to an **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 otherwise covered loss under Insuring Agreement A (Fidelity Coverage), G (Money Orders and Counterfeit Currency Fraud Coverage), or I (Social Engineering Fraud), or otherwise covered loss of **Property** under Insuring Agreement E (Computer Crime Coverage);

12. **ADVANTAGE**

loss sustained by one **Insured** to the advantage of any other **Insured**;

13. **CUSTODIAL**

loss of or damage to **Money, Securities or Property** while in the custody of any bank, trust company, similar recognized place of safe deposit, armored motor vehicle company or any person who is duly authorized by an **Insured** to have custody of such **Money, Securities or Property**, provided that this exclusion shall not apply to the extent that coverage under this Coverage Section is in excess of the amount recovered or received by such **Insured** under:

- a. such **Insured's** contract, if any, with, or insurance carried by, any of the foregoing; or
- b. any other insurance or indemnity in force which would cover the loss in whole or in part;

14. **GOVERNMENTAL AUTHORITY**

loss or damages resulting directly or indirectly from seizure or destruction of property by order of a governmental authority;

15. **AUTHORIZED REPRESENTATIVE**

loss or damage due to **Theft, Forgery, Computer Fraud, Funds Transfer Fraud, Money Orders And Counterfeit Currency Fraud, Credit Card Fraud** or other fraudulent, dishonest or criminal act (other than **Robbery** or **Safe Burglary**) committed by any authorized representative of an **Insured**, whether acting alone or in collusion with others, provided that this exclusion shall not apply to otherwise covered loss under Insuring Agreement A (Fidelity Coverage), resulting from **Theft** or **Forgery** committed by an **Employee** acting in collusion with such authorized representative.

B. In addition to the Exclusions in Subsection A above, no coverage will be available under:

1. Insuring Agreement A (Fidelity Coverage), for:

a. **BROKER/INDEPENDENT CONTRACTOR**

loss caused by any broker, factor, commission merchant, consignee, contractor, independent contractor (other than a **Contractual Independent Contractor**), or other agent or representative of the same general character;

b. **PRIOR DISHONESTY**

loss caused by an **Employee**, not in collusion with the **Insured** or an **Executive**, which is sustained by the **Insured** after an **Executive** or **Insurance Representative** becomes aware of any **Theft, Forgery**; or other fraudulent, dishonest or criminal act committed by such **Employee**, whether such act was committed before or after such **Employee** became employed by the **Insured**. However, this provision shall not apply if the **Theft, Forgery** or any other dishonest act occurred prior to the **Employee** becoming an **Employee** of the **Insured** and the amount of loss resulting from such act did not exceed \$10,000.

2. Insuring Agreement B (Premises Coverage) or C (In Transit Coverage), for:

- a. **OTHER INSURING AGREEMENTS**
loss or damage due to **Forgery, Computer Fraud, Funds Transfer Fraud, Money Orders and Counterfeit Currency Fraud or Credit Card Fraud**; or
 - b. **FIRE**
loss due to fire, provided that this exclusion shall not apply to:
 - i. loss of **Money or Securities**; or
 - ii. damage to any safe or vault caused by the application of fire thereto for the purposes of **Safe Burglary**.
 - c. **ACCOUNTING OR ARITHMETICAL ERRORS**
loss resulting from accounting or arithmetical errors or omissions.
 - d. **EXCHANGES OR PURCHASES**
loss or damages due to the giving or surrendering of **Money, Securities or Property** in any exchange or purchase.
 - e. **VOLUNTARY PARTING OF TITLE/POSSESSION**
loss resulting from the **Insured**, or anyone acting on its implied or express authority, being induced by any dishonest act to voluntarily part with title to or possession of any **Property**.
 - f. **VANDALISM**
loss or damage to the **Premises** or its exterior, or to any safe, vault, cash register, cash box, cash drawer or **Property** resulting from vandalism or malicious mischief.
3. Insuring Agreement B (Premises Coverage), C (In Transit Coverage), E (Computer Crime Coverage), F (Funds Transfer Fraud Coverage), or I (Social Engineering Fraud Coverage) for:
- a. **KIDNAP, RANSOM OR EXTORTION**
loss or damage as a result of a kidnap, ransom or other extortion payment (as distinct from **Robbery**) surrendered to any person as a result of a threat to do bodily harm to any person or a threat to do damage to the **Premises** or other property;
 - b. **FORGERY OR ALTERATION**
loss due to **Forgery** or alteration of:
 - i. any **Financial Instrument** committed by any **Third Party** in collusion with any **Employee**; or

- ii. any registered or coupon obligations issued or purported to have been issued by the **Insured**, or any coupons whether attached or detached.
- 4. Insuring Agreement D (Forgery or Alteration Coverage) for:
 - a. **FORGERY OR ALTERATION**
loss due to **Forgery** or alteration of:
 - i. any **Financial Instrument** committed by any **Third Party** in collusion with any **Employee**; or
 - ii. any registered or coupon obligations issued or purported to have been issued by the **Insured**, or any coupons whether attached or detached.
- 5. Insuring Agreement H (Credit Card Fraud Coverage) for:
 - a. **FORGERY OR ALTERATION (CREDIT CARD)**
loss caused by any **Forgery** or alteration of, on or in any written instrument, provided that this Exclusion B.5 shall not apply if:
 - i. the provisions, conditions and other terms under which the involved credit card was issued were fully complied with; and
 - ii. the **Insured** is legally liable to the issuer of such credit card for such loss.
- 6. Insuring Agreement I (Social Engineering Fraud Coverage) for:
 - a. **CAUSE(S) OF LOSS**
loss or damage due to **Theft** by an **Employee, Forgery, Computer Fraud, Funds Transfer Fraud, Money Orders and Counterfeit Currency Fraud or Credit Card Fraud**;
 - b. **MAIL/CARRIER FOR HIRE**
loss of or damage to **Money** or **Securities** while in the mail or in the custody of any carrier for hire, including but not limited to any armored motor vehicle company;
 - c. **INVESTMENTS**
loss due to any investment in **Securities**, or ownership in any corporation, partnership, real property, or similar instrument, whether or not such investment is genuine;
 - d. **PRODUCTS OR SERVICES**
loss due to the failure, malfunction, inadequacy or illegitimacy of any product or service;

e. **PERFORMANCE UNDER CONTRACT**

loss due to the failure of any part to perform, in whole or in part, under any contract;

f. **LOANS AND CREDIT**

loss due to the extension of any loan, credit or similar promise to pay;

g. **GAMBLING**

loss due to any gambling, game of chance, lottery or similar game;

h. **PROPERTY**

loss or damage to any **Property**

i. **CREDIT CARD LOSS**

loss due to any party's use of or acceptance of any credit card, debit card or similar instrument, whether or not genuine.

C. **Loss Discovered**

No coverage will be available for:

1. loss unless such loss is sustained by any **Insured**, and such loss is **Discovered** prior to the termination of this Coverage Section as to such **Insured**;
2. loss unless such loss is sustained by any **Insured** and **Discovered** prior to the termination of the applicable Insuring Agreement or the applicable coverage offered under any Insuring Agreement;
3. loss unless such loss is sustained by any **Insured** and **Discovered** prior to the termination of this Coverage Section in its entirety;
4. loss unless such loss is sustained prior to the termination of this Coverage Section and such loss is **Discovered** within one (1) year following such termination if the termination results from the voluntary liquidation or voluntary dissolution of the **Named Insured**; or
5. any loss that an **Insured** is aware of prior to the inception date of this Policy;

provided that in no event will coverage be available under this Coverage Section for such loss if such loss is covered under any renewal or replacement of this Coverage Section or any Insuring Agreement or any particular coverage offered under any Insuring Agreement.

IV. **LEGAL EXPENSES EXTENSION**

In addition to the Limits of Liability set forth in ITEM 1 of the Crime Declarations, the Underwriter shall pay the **Named Insured**:

- A. as a result of loss covered under Insuring Agreement D (Forgery or Alteration Coverage), reasonable court costs and attorneys' fees incurred and paid, with the Underwriter's prior written consent, in defending the **Insured** or the **Insured's** bank in any legal proceeding brought against it to enforce payment of a **Financial Instrument**; and
- B. as a result of loss covered under Insuring Agreement H (Credit Card Fraud Coverage), reasonable court costs and attorneys' fees incurred and paid with the Underwriter's prior written consent in defending the **Insured** in any legal proceeding brought against it to enforce payment of a written instrument, required in connection with any credit card, debit card, or charge card.

V. NOTICE AND PROOF OF LOSS

- A. It is a condition precedent to coverage under this Coverage Section that, upon **Discovery** by the **Insured** or an **Executive** of a loss of or damage to **Money, Securities or Property** that the **Insured** or an **Executive** reasonably believes will exceed fifty percent (50%) of the applicable Deductible stated in ITEM 1 of the Crime Declarations, the **Insured** will:
 - 1. give written notice to the Underwriter at the earliest practicable moment, and in no event later than 90 days after such **Discovery**;
 - 2. furnish affirmative proof of loss with full particulars to the Underwriter at the earliest practicable moment, and in no event later than 180 days after such **Discovery**;
 - 3. submit to examination under oath at the Underwriter's request;
 - 4. produce all pertinent records at such reasonable times and places as the Underwriter shall designate; and
 - 5. provide full cooperation with the Underwriter in all matters pertaining to a loss or claim.
- B. Knowledge possessed by any **Insured**, or **Discovery**, shall be deemed knowledge possessed by, or **Discovery**, by all **Insureds**.
- C. The **Insured** may offer a comparison between the **Insured's** inventory records and actual physical count of its inventory to prove the amount of loss, only where an **Insured** establishes wholly apart from such comparison that it has sustained a covered loss, caused by an **Employee**.

VI. LIMITS OF LIABILITY

- A. The Underwriter's maximum liability for each loss shall not exceed the Limit of Liability applicable to such loss set forth in ITEM 1 of the Crime Declarations, regardless of the number of **Insureds** sustaining the loss.
- B. If a direct loss is covered under more than one Insuring Agreement, the maximum amount payable under this Coverage Section shall not exceed the largest applicable Limit of Liability of any such Insuring Agreement.
- C. All loss resulting from a single act or any number of acts of the same **Employee** or **Third Party**, whether such act or acts occurred before or during the **Policy Period**, will be treated as a single loss and the applicable Limit of Liability set forth in ITEM 1 of the Crime Declarations will apply to such single loss, subject to Section X (Liability for Prior Losses).

- D. Solely with respect to the coverage provided by Insuring Agreement A.3 (ERISA Coverage), the limit will apply separately to each **ERISA Plan**. If the same occurrence triggers both Insuring Agreements A.1 (Employee Theft Coverage) and A.3 (ERISA Plan Coverage), the Underwriter will pay both limits.
- E. If the limit set forth in ITEM 1 of the Crime Declarations for Insuring Agreement A.3 (ERISA Plan Coverage) no longer complies with the minimum amount of coverage required for such **ERISA Plan(s)** under ERISA (other than noncompliance due to investment in non-assets), the Underwriter agrees to increase the limit applicable to each such **ERISA Plan** so as to equal the minimum amount of coverage required under ERISA, provided the original limit was in compliance at Policy inception.

VII. DEDUCTIBLE

- A. The Underwriter's liability under this Coverage Section shall apply only to that part of each loss which is in excess of the applicable Deductible set forth in ITEM 1 of the Crime Declarations. If more than one Deductible applies to a single loss, then the largest applicable Deductible shall apply to such loss.
- B. If an **Insured** receives payment under another policy or bond, after applying a deductible or retention, for loss also covered hereunder, then the applicable Deductible set forth in ITEM 1 of the Crime Declarations shall be reduced by the deductible or retention previously applied to such loss.

VIII. OWNERSHIP; INTERESTS COVERED

- A. Except as provided in subparagraph B below, the Underwriter's liability under this Coverage Section shall only apply to **Money, Securities or Property** owned by the **Insured** or for which the **Insured** is legally liable, or held by the **Insured** in any capacity whether or not the **Insured** is liable, provided that:
 - 1. the Underwriter's liability will not apply to damage to the **Premises** unless the **Insured** is the owner of such **Premises** or is legally liable for such damage; or
 - 2. with respect to Insuring Agreement A.1 (Employee Theft Coverage), the Underwriter's liability will not apply to **Money, Securities or Property** of a **Client**.
- B. Solely for the purposes of Insuring Agreement A.2 (Client Property Coverage), the Underwriter's liability under this Coverage Section will only apply to **Money, Securities or Property**:
 - 1. owned by a **Client**, which is held by the **Insured** in any capacity or for which the **Insured** is legally liable; or
 - 2. held or owned by a **Client**, for which the **Client** is legally liable.

Notwithstanding the foregoing, the insurance provided by this Coverage Section is for the benefit of the **Insured** only and provides no rights or benefits to any other person or entity. Any claim for loss covered under this Coverage Section must be submitted by the **Insured**.

IX. LIABILITY FOR PRIOR LOSSES

Coverage will be available for loss sustained at any time and **Discovered** during the **Policy Period**, provided that coverage for loss sustained prior to the effective date of this Coverage Section, or the effective date of coverage for any additional **Insureds**, or the effective date of any coverage added by endorsement, is subject to the following:

- A. if the **Insured** or some predecessor in interest of such **Insured** carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy and such prior bond or policy was not issued by the Underwriter or any subsidiary or affiliate of the Underwriter and such loss was first **Discovered** by an **Insured** prior to the expiration of the time allowed for discovery under the last such policy, then no coverage shall be available under this Coverage Section, unless the total amount of covered loss exceeds the limit of liability of the last such bond or policy carried by the **Insured** or predecessor in interest of such **Insured**, and the **Insured's** Limit of Liability for any such loss will be in excess of the limit of liability of the last bond or policy subject to all of the terms and conditions of this Coverage Section; or
- B. if the **Insured** or some predecessor in interest of such **Insured** carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy and such prior bond or policy was issued by the Underwriter or any subsidiary or affiliate of the Underwriter then such prior bond or policy shall terminate as of the inception of this Policy and such prior bond or policy shall not cover any loss not discovered and noticed to the Underwriter prior to the inception of this Policy and then the Underwriter's Limit of Liability for such loss shall be the applicable Limit of Liability set forth in ITEM 1 of the Crime Declarations.

X. NON-ACCUMULATION OF LIABILITY

- A. When there is more than one **Insured**, the maximum liability of the Underwriter for loss sustained by one or all **Insureds** shall not exceed the amount for which the Underwriter would be liable if all losses were sustained by any one **Insured**.
- B. Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the limit of liability of the Underwriter with respect to any loss shall not be cumulative from **Policy Period** to **Policy Period**.

XI. LEGAL ACTION AGAINST UNDERWRITER

No **Insured** shall institute legal proceedings against the Underwriter:

- A. unless the **Insured** has fully complied with all of the terms of this Coverage Section and this Policy;
- B. until ninety (90) days after the date on which the **Insured** filed its proof of loss with the Underwriter; and
- C. unless such legal action is commenced within two (2) years immediately following **Discovery**.

If any limitation of time set forth in this Section XI is prohibited by applicable law, such limitation shall be deemed amended so as to equal the minimum period of limitation required by applicable law.

XII. OTHER INSURANCE

If an **Insured** or any other party in interest in any loss covered by this Coverage Section has any bond, indemnity or insurance which would cover such loss in whole or in part in the absence of this Coverage Section, then this Coverage Section shall be null and void to the extent of the amount recoverable or received under such other bond, indemnity, or insurance; but this Coverage Section shall cover such loss, subject to its exclusions, conditions and other terms, only to the extent of the amount of such loss in excess of the amount recoverable or received under such other bond, indemnity or insurance.

XIII. TERMINATION OF PRIOR BONDS OR POLICIES

Any prior bonds or policies issued by the Underwriter or any subsidiary or affiliate of the Underwriter shall terminate, if not already terminated, as of the inception of this Policy.

XIV. VALUATION AND FOREIGN CURRENCY

The Underwriter shall pay:

- A. the actual market value of lost, damaged or destroyed **Securities** at the closing price of such **Securities** on the business day immediately preceding the day on which a loss is **Discovered**; or the cost of replacing **Securities**, whichever is less, plus the cost to post a Lost Instrument Bond;
- B. the cost of blank books, pages or tapes or other blank materials to replace lost or damaged books of account or other records;
- C. the least of:
 - 1. the actual cash value of the **Property**; or
 - 2. the cost to repair or replace **Property**, other than precious metals, with that of similar quality and value,at the time the **Named Insured** complies with Section V (Notice and Proof of Loss) regarding the furnishing of proof of loss;
- D. the United States of America 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**; or
- E. the United States of America dollar value of any precious metals based on the amount published in *The Wall Street Journal* Cash Prices, Precious Metals, on the day loss involving such precious metals is **Discovered**.

XV. EXTENDED PERIOD TO DISCOVER LOSS

The Underwriter will pay for loss the **Insured** sustained prior to the effective date of cancellation or termination of this Coverage Section, which is **Discovered** by the **Insured** or an **Executive**:

- A. no later than sixty (60) days from the effective date of such cancellation or termination; and

- B. with respect to any **ERISA Plan** under Insuring Agreement A.3 (ERISA Coverage), of this Coverage Section, no later than one (1) year from the effective date of such cancellation or termination.

Notwithstanding the foregoing, this extended period to **Discover** loss terminates immediately upon the effective date of any other insurance obtained by the **Insured** replacing in whole or in part the insurance afforded by this Coverage Section.

XVI. RECOVERIES

Recoveries for any loss covered under this Coverage Section, whether effected by the Underwriter or the **Insured** or whether effected before or after the Underwriter has made payment under this Coverage Section, less the costs of recovery shall be distributed as follows:

- A. first, to an Insured in satisfaction of its covered loss in excess of the applicable Per Occurrence Limit of Liability;
- B. second, to the Underwriter in satisfaction of the amounts paid to an Insured for a covered loss;
- C. third, to an Insured in satisfaction of any Deductible applicable to such loss;
- D. fourth, to an Insured in satisfaction of any amount of such loss not covered by this Coverage Section.

Any amounts recovered from insurance, suretyship, reinsurance, security or indemnity taken for the Underwriter's benefit shall not be deemed a recovery hereunder. Recovery of original Securities after duplicates of them have been issued shall not be deemed a recovery hereunder.