

In consideration of the payment of the premium and subject to the General Terms and Conditions, the Insurer and the **Insureds** agree as follows:

I. INSURING CLAUSES

The Insurer shall pay the **Insured** for direct loss:

A. Employee Theft

of **Money, Securities** or **Property** sustained by an **Insured** resulting from **Theft** or **Forgery** by an **Employee**, whether acting alone or in collusion with others.

B. In Transit

sustained by an **Insured** resulting from:

1. a **Third Party's**:

(a) **Robbery** or other unlawful taking of **Money, Securities** or **Property**

(b) damage to **Property** resulting from **Robbery**; and

2. actual destruction or disappearance of **Money** or **Securities**, while **In Transit** or temporarily in an **Employee's** or a partner of the **Company's** home.

C. Inside the Premises

sustained by an **Insured** resulting from:

1. a **Third Party's**

(a) **Robbery** or **Safe Burglary**, including damage to **Property**, or **Premises** or its exterior, resulting from such **Robbery** or **Safe Burglary**;

(b) unlawful taking of **Money, Securities** or **Property**; and

2. actual destruction or disappearance of **Money** or **Securities**, within or from the **Premises**.

D. Forgery or Alteration

resulting from **Forgery** or alteration of any **Financial Instrument** by a **Third Party**, including any reasonable legal expenses that the **Insured** pays, with the Insurer's prior written consent, in defending any action brought against an **Insured** for refusing to pay such **Financial Instrument**, which any such amount shall be part of, and not in addition to, the Limit of Liability stated in Item 2 of the Declarations of this Coverage Part for this Insuring Clause D.

E. Computer Fraud

of **Money, Securities** or **Property** resulting from a **Third Party's Computer Fraud**, including any **Computer Fraud Expenses**.

F. Funds Transfer Fraud Coverage

of **Money** or **Securities** resulting from a **Third Party's Funds Transfer Fraud**.

G. Credit Card Fraud

resulting from a **Third Party's Credit Card Fraud**.

H. Money Orders and Counterfeit Currency Fraud

resulting from a **Company's** good faith acceptance: 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.

I. Client Coverage

of **Money, Securities** or **Property** sustained by a **Client** resulting from an **Employee's Theft** or **Forgery** committed without collusion with a **Client's** employees.

II. EXCLUSIONS

No coverage shall be available for:

- A. Acts Committed by a Partner – loss based upon, arising out of or resulting from **Theft** or **Forgery** committed by a partner of a **Company**, whether acting alone or in collusion with others, provided that this Exclusion A shall not apply where the **Theft** or **Forgery** would otherwise be covered under Insuring Clauses A or I, and the coverage provided is excess of the amount of such partner's ownership percentage of such **Company** on the day immediately preceding the date of **Discovery**, multiplied by such **Company's** total assets as reflected in such **Company's** most recent financial statements; provided such statements have been audited or prepared by an independent Certified Public Accountant;
- B. Advantage – loss sustained by one **Insured** to the advantage of another **Insured**;
- C. Authorized Representative – loss or damage based on, arising out of or resulting from **Theft, Forgery, Funds Transfer Fraud, Computer Fraud, Credit Card Fraud** or other fraudulent, dishonest or criminal act (other than **Robbery** and **Safe Burglary**) committed by any authorized representative, except an **Independent Contractor**, of an **Insured**, acting alone or in collusion with others, provided that this Exclusion C shall not apply to loss under Insuring Clauses A or I where the **Theft** or **Forgery** is committed by an **Employee** acting in collusion with such authorized representative;
- D. Custodial – loss of or damage to **Money, Securities** or **Property** in the custody of any bank, trust company or similar place of safe deposit, armored vehicle company, or any person duly organized by a **Company** to have custody of such **Money, Securities** or **Property**, provided that this Exclusion D shall not apply where coverage provided is excess of: 1. any amount recovered or received by the **Company** under any contract with, or any insurance available to, any of the foregoing; or 2. any other insurance or indemnity covering the loss, in whole or in part;
- E. Data Costs, Fees, or Expenses – costs, fees or expenses incurred:
 - 1. as a result of: (a) the reconstitution of **Data** where a **Company** knowingly used illegal copies of programs; (b) 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; or (c) any effort to render the **Data** usable by replacement processing equipment; or
 - 2. to design, improve or update software or programs or perfect their operation or performance;
- F. Fire – loss based upon, arising out of or resulting from fire, provided that this Exclusion F shall not apply to: 1. loss of **Money** or **Securities**; or 2. damage to any safe or vault caused by fire for the purposes of **Safe Burglary**;
- G. Income – loss of income, whether or not earned or accrued or potential income, not realized as the result of any loss covered under this Coverage Part;
- H. Indirect or Consequential Loss – indirect or consequential loss of any kind, provided that this Exclusion H shall not apply to **Expenses**;
- I. Intellectual Property – loss of trade secrets, confidential processing methods or other confidential information of any kind;
- J. Inventory Shortage – loss, the proof of which is dependent solely on 1. a profit and loss computation or comparison; or 2. comparison of inventory records with an actual physical count, provided that where an **Employee** is involved and has been identified, inventory records and actual physical count of inventory can be submitted as supporting documentation of loss;
- K. Legal Costs, Fees or Expenses – costs, fees or expenses incurred or paid in defending or prosecuting any legal proceeding or claim, provided that this Exclusion K shall not apply to **Expenses**;
- L. Nuclear – loss or damage based upon, arising out of or resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any act or condition related to any of the foregoing;
- M. Trading Losses – loss based upon, arising out of or resulting from any trading of **Money, Securities** or **Property**, provided that this Exclusion M shall not apply to direct loss caused by **Theft** or **Forgery** resulting in improper personal financial gains to an **Employee**. Improper personal financial gains does not include salaries, bonuses, commissions, fees, bonuses, promotions, awards, profit sharing or pensions;

- N. Voluntary Purchase or Exchange – loss based upon, arising out of, or resulting from an **Insured** knowingly giving or surrendering **Money, Securities or Property** in any purchase or exchange with a **Third Party** without collusion with an **Employee**, provided that this Exclusion N shall not apply to Insuring Clauses A, E, H or I;
- O. War and similar actions – loss or damage based upon, arising out of or resulting from war, whether or not declared, civil war, insurrection, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization or any act or condition related to any of the foregoing;

Exclusions P – Q below shall only apply to Insuring Clauses A. Employee Theft and I. Client Coverage:

- P. Broker/Independent Contractor – loss caused by any broker, commission, merchant, factor, consignee, contractor, independent contractor (other than an **Independent Contractor**) or other similar agent or representative;
- Q. Prior Dishonesty – loss caused by an **Employee**, which is sustained by an **Insured**:
 - 1. after an **Executive or Insurance Representative** becomes aware of a **Theft, Forgery** or other fraudulent, dishonest or criminal act:
 - (a) valued at \$1,000 or more and committed while in the employ or service of an **Insured**;
 - (b) involving **Money, Securities** or other property, valued at \$25,000 or more and committed prior to the employ or service of an **Insured**; or
 - 2. more than 90 days following termination of such **Employee**;

Exclusions R - S below shall only apply to Insuring Clauses B. In Transit and C. Inside the Premises:

- R. Mail/Carrier for Hire – loss of or damage to **Money, Securities or Property** while in the mail or in the custody of any carrier for hire other than an armored motor vehicle company
- S. Other Insuring Clauses - loss or damage based on, arising out of or resulting from **Forgery, Funds Transfer Fraud, Computer Fraud or Credit Card Fraud**;

Exclusion T. below shall only apply to Insuring Clauses B. In Transit, C. Inside the Premises, E. Computer Fraud and F. Funds Transfer Fraud Coverage:

- T. Kidnap, Ransom or Extortion – loss or damage based upon, arising out of or resulting from any kidnap, ransom or extortion payment;

Exclusion U. below shall only apply to Insuring Clause D. Forgery or Alteration:

- U. Forgery or Alteration – loss based upon, arising out of or resulting from a **Third Party's Forgery** or alteration of: 1. any **Financial Instrument** committed in collusion with any **Employee**; or 2. any registered or coupon obligations of the **Insured**, or any coupons whether attached or detached; and

Exclusion V. below shall only apply to Insuring Clause G. Credit Card Fraud:

- V. Forgery or Alteration – loss based upon, arising out of or resulting from any forgery or alteration of, on or in any written instrument, provided that this Exclusion V shall not apply: 1. where there was full compliance with the provisions, conditions and other terms under which the involved credit card was issued; and 2. the **Company** is legally liable for the loss to the issuer of such credit card.

III. RETENTION

The Insurer shall not pay for any loss until that part of each loss exceeds the applicable Retention stated in Item 2 of the Declarations of this Coverage Part. No Retention shall apply to loss sustained by an **ERISA Plan**.

IV. LIMIT OF LIABILITY

- A. The Limits of Liability, stated in Item 2 of the Declarations of this Coverage Part, represent the maximum amount payable under each Insuring Clause for each loss **Discovered** during the **Policy Period**.
- B. The Expense Limit stated in Item 3 of the Declarations of this Coverage Part represents the maximum amount payable under this Coverage Part during the **Policy Period** for **Expenses**, which amount shall be part of, and not in addition to, the Limits of Liability stated in Item 2 of such Declarations.
- C. The Computer Fraud Expense Limit stated in Item 4 of the Declarations of this Coverage Part represents the maximum amount payable under this Coverage Part during the **Policy Period** for **Computer Fraud Expenses**, which amount shall be part of, and not in addition to, the Limit of Liability stated in Item 2 of such Declarations for Insuring Clause E. Computer Fraud.
- D. The Information Reproduction Limit stated in Item 5 of the Declarations of this Coverage Part represents the maximum amount payable under this Coverage Part during the **Policy Period** for the cost of reproducing information contained in any lost or damaged manuscripts, records, accounts, microfilms, tapes or other

records resulting from a covered loss, which amount shall be part of, and not in addition to, the Limits of Liability stated in Item 2 of such Declarations.

- E. The Insurer shall not pay the **Insured** more for loss or losses sustained by more than one **Insured** than the amount the Insurer would pay if all loss or losses had been sustained by one **Insured**.
- F. All loss resulting from a single act or series of related acts of the same **Employee** or **Third Party**, and all loss whether such act or acts occurred before or during the **Policy Period**, shall be treated as a single loss subject to the Limits of Liability stated in Item 2 of the Declarations.
- G. If a loss is covered under more than one Insuring Clause, the maximum amount payable under this Coverage Part shall not exceed the largest applicable Limit of Liability of any such Insuring Clause.

V. DISCOVERY

- A. This Coverage Part provides coverage for loss sustained by an **Insured** at any time but **Discovered** during the **Policy Period**.
- B. The Insurer shall pay for loss that an **Insured** sustained prior to the effective date of expiration or termination of this Coverage Part, which is **Discovered** by the **Insured**:
 - 1. no later than 60 days after the effective date of such expiration or termination; and
 - 2. with respect to any **ERISA Plan**, no later than 1 year from the effective date of such expiration or termination.

This extended period to **Discover** loss terminates immediately upon the effective date of any other insurance obtained by the **Insured** to replace, in whole or in part, the insurance provided by this Coverage Part, regardless of whether such insurance provides coverage for loss sustained prior to its effective date.

VI. DUTIES IN THE EVENT OF LOSS

- A. An **Insured's** knowledge of any information relevant to this Coverage Part or **Discovery** shall be deemed knowledge possessed by all **Insureds**.
- B. Upon **Discovery**, the **Insured** shall:
 - 1. give written notice to the Insurer as soon as practicable, but in no event later than 90 days after such **Discovery**;
 - 2. provide the Insurer a detailed, sworn proof of loss within 120 days after such **Discovery**;
 - 3. submit to an examination under oath at the Insurer's request;
 - 4. cooperate with the Insurer in the investigation and settlement of any claim.

VII. OWNERSHIP

Solely with respect to:

- A. Insuring Clauses A – H, this Coverage Part shall only apply:
 - 1. to **Money, Securities** or **Property** owned by a **Company**, for which the **Company** is legally liable, or held by the **Company** in any capacity, and
 - 2. no coverage shall be provided under this Coverage Part for any damage to the **Premises** unless the **Company** is the owner of such **Premises** or is legally liable for such damage;

provided that with respect to Insuring Clause A, the Insurer's liability shall not apply to **Money, Securities** or **Property** of a **Client**.

- B. Insuring Clause I, this Coverage Part shall only apply to **Money, Securities** or **Property** owned by a **Client**, which is held by a **Company** in any capacity or for which the **Company** is legally liable.

VIII. OTHER INSURANCE

With the exception of insurance which is written specifically as excess of the Limit of Liability of this Coverage Part, this Coverage Part shall be excess of and shall not contribute with any valid and collectible insurance providing coverage for loss for which this Coverage Part provides coverage (including any prior insurance replaced by this Coverage Part, which provided a period of time to discover loss occurring prior to the termination or cancellation of such replaced policy), provided that any payment by an **Insured** of a retention or deductible under any such other insurance shall reduce the Retention under this Coverage Part by the amount of such payment which would otherwise have been loss under this Coverage Part.

IX. ERISA PROVISION

- A. Any payment made by the Insurer under this Coverage Part for loss sustained by an **ERISA Plan** shall be paid to such **ERISA Plan**. If such loss payment is in excess of the amount of coverage required by **ERISA**, any such excess amount shall be held for the use and benefit of any other **ERISA Plan**, should such **ERISA Plan** also **Discover** loss covered under this Coverage Part.
- B. With respect to each **ERISA Plan**, if covered loss is sustained by any **ERISA Plan**:
 - 1. which does not have any employer securities, the Limit of Liability applicable to such covered loss shall be the greater of \$1,000; or 10% of the **ERISA Plan's** funds handled as of the beginning of such **ERISA Plan's** fiscal year, up to a maximum limit of \$500,000;
 - 2. which does have any employer securities, the limit of liability applicable to such covered loss shall be the greater of \$1,000; 10% of the **ERISA Plan's** funds handled as of the beginning of such **ERISA Plan's** fiscal year, up to a maximum limit of \$1,000,000.
- C. If the Limits of Liability stated in Item 2 of the Declarations of this Coverage Part are:
 - 1. less than or equal to the amounts set forth in B1. and 2. above, then the applicable Limit of Liability shall be amended to such respective amounts; or
 - 2. greater than the amounts set forth in B1. and 2. above, then the limit of liability for each **ERISA Plan** shall be the amounts stated above with the remaining limit allocated equally between all **ERISA Plans** sustaining loss.

X. VALUATION

The Insurer 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 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 **Parent Company** complies with Section VI. DUTIES IN THE EVENT OF LOSS, regarding the furnishing of a proof of loss;
- C. the United States of America dollar value of:
 - 1. foreign currency based on the rate of exchange published in The Wall Street Journal on the day loss involving foreign currency is **Discovered**; or
 - 2. 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**.

XI. GLOSSARY

- A. **Client** means a customer of a **Company** to whom a **Company** provides goods or services for a fee or with whom the **Company** has a written contract or agreement.
- B. **Computer Fraud** means the unlawful taking of **Money**, **Securities** or **Property** resulting from an unauthorized:
 - 1. entry into, change to or deletion of **Data** from a **Computer System**; or
 - 2. introduction of instructions propagating through a **Computer System**, directed solely against a **Company**.
- C. **Computer Fraud Expenses** means reasonable costs, charges, fees and expenses (other than regular or overtime wages, salaries, fees or benefits of any **Company**) incurred by the **Company** to reproduce damaged or destroyed electronic **Data** computer programs or enable the **Company** to restore the **Company's Computer System** to the level of operational capability that existed immediately preceding the covered loss under Insuring Clause E.
- D. **Computer System** means a computer or network of computers, including off-line media libraries.
- E. **Credit Card Fraud** means the **Forgery** or alteration of, on or in, any written instrument required in connection with any credit card issued to a **Company** or at the request of a **Company**, to any **Executive** or **Employee** of a **Company**.

- F. **Data** means information contained in any records, manuscripts, accounts, microfilms or tapes processed and stored in a **Computer System**.
- G. **Discover, Discovered or Discovery** means knowledge acquired by an **Executive** or **Insurance Representative** which would cause a reasonable person to believe that that a covered loss or occurrence which could give rise to a covered loss has occurred, regardless of when the act(s) causing or contributing to such loss occurred or whether the exact amount or details of such loss are known.
- Discover, Discovered or Discovery** shall not include knowledge acquired by an **Executive** or **Insurance Representative** acting alone or in collusion with an **Employee**, or knowledge possessed by any **Executive** or **Insurance Representative** who is a participant in the **Theft** or **Forgery**.
- H. **Employee** means any:
1. natural person who labor or service was, is or will be engaged and directed by a **Company**, including a part-time, seasonal, leased and temporary employee, intern or volunteer;
 2. **Executive** while performing acts within the scope of the usual duties of an **Employee**;
 3. **Independent Contractor**;
 4. natural person fiduciary, trustee, administrator, employee as defined in paragraph 1 above or **Executive** of an **ERISA Plan** and any other natural person, who any of which handle **ERISA Plan** assets and are required by **ERISA** to be bonded by the **Company** in connection with such **ERISA Plan**;
 5. former or retired employee described in paragraph 1 above or **Executive** retained as a consultant to the **Company**; or
 6. employee described in paragraph 1 above or **Executive**, while on leave for military services.
- I. **ERISA Plan** means any welfare or pension plan as defined by **ERISA** and which is operated solely by a **Company** or jointly by a **Company** and a labor organization for the benefit of **Employees** and which existed on or before the inception of this Coverage Part or which is created or acquired after the inception of this Coverage Part. **ERISA Plan** shall not include any multi-employer plan.
- J. **Expenses** means reasonable costs, charges, fees (including, attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of any **Insured**): 1. incurred by the **Insured** to determine the amount and extent of loss covered under this Coverage Part; or 2. incurred and paid by the **Insured** to establish the existence, amount and preparation of the **Insured's** proof of loss in support of a covered loss under Insuring Clauses A – I.
- K. **Financial Instruments** means checks, drafts, promissory notices or similar written promises, orders or directions to pay a certain sum of **Money** that are:
1. made or drawn upon a **Company**; or
 2. made or drawn by one acting as an **Insured's** agent and drawn on an **Insured's** account or that are purported to have been so made or drawn.
- L. **Forgery** means the signing, whether by hand, mechanically or electronically, of another natural person's name with intent to deceive.
- M. **Funds Transfer Fraud** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions (other than instructions which bear a **Forgery**), purportedly issued by a **Company**, to a financial institution directing the transfer, payment or delivery of **Money** or **Securities** from any of the **Company's** accounts at such institution, without such **Company's** knowledge or consent.
- N. **Independent Contractor** means any natural person working for a **Company** pursuant to a written contract or agreement between such natural person and the **Company** which specifies the terms of the **Company's** engagement of such natural person.
- O. **Insurance Representative** means an **Employee**, designated to represent an **Insured** for the purpose of effecting and maintaining insurance.
- P. **Insured** means any **Company** or **Sponsored Plan**.
- Q. **In Transit** means being conveyed by the **Company** outside the **Premises**, from one person or place to another, under the custody of an **Employee**, partner of a **Company** or another person duly authorized by such **Company** to have custody of **Money**, **Securities** or **Property**. The conveyance described in this paragraph begins immediately upon receipt of **Money**, **Securities** or **Property** by the person described herein and ceases immediately upon delivery to the designated recipient or its agent.
- R. **Money** means currency, coins, bank notes and bullion.

- S. **Premises** means the interior of that portion of: 1. any building that a **Company** occupies in conducting its business; or 2. that part of any building occupied by a bank, trust company or similar financial institution.
- T. **Property** means tangible property, other than **Money** or **Securities**, that has intrinsic value.
- U. **Robbery** means actual or attempted unlawful taking of **Money, Securities** or **Property** from the custody of an **Employee** or other person (except a person acting as a watchman, janitor or porter) duly authorized by a **Company** to have custody of **Money, Securities** or **Property**, by violence or threat of violence, committed in the presence and cognizance of such **Employee** or other person.
- V. **Safe Burglary** means: 1. the actual or attempted 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** and any resultant damage to the safe or vault from such entry; or 2. damage to a locked safe, cash drawer, cash box or cash register by actual or attempted felonious entry or abstraction of such container.
- W. **Securities** means negotiable or non-negotiable instruments or contracts representing either **Money** or **Property**. **Securities** shall not include **Money**.
- X. **Sponsored Plan** means any **ERISA Plan** and any plan similar to an **ERISA Plan** that is not governed by **ERISA**.
- Y. **Theft** means the unlawful taking of **Money, Securities** or **Property** to the deprivation of an **Insured**, solely for the purposes of Insuring Clause A, or a **Client**, solely for the purposes of Insuring Clause I.
- Z. **Third Party** means any natural person who is not an **Employee**.