HISCOX

DECLARATIONS

HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, IL 60603
(914) 273-7400

ATTACHMENT 12

Policy Number: UC21302736.14

Broker No.:	US 0000779	Broker Name:	Crump Insurance Services Inc (Nashville)
Policy No.:	UC21302736.14	Broker Address:	725 Cool Springs Blvd, Ste. 160 Franklin, Tennessee 37067
Renewal of:	UC21302736.13		

Commercial Crime Insurance Policy

Named Insured: Shelby County, Tennessee

Mailing Address: 160 N Main St Ste 200
Memphis, Tennessee 38103-1846

Policy Period: 11/01/2014 to 11/01/2015
12:01 A.M. at Your mailing address shown above

Insuring Agreements	Limit of Insurance (Per Occurrence)	Deductible Amount (Per Occurrence)
Coverage A: Fidelity		
(1) Employee Theft	$ 1,000,000	$ 100,000
(2) ERISA (Limit Applies Per Plan)	Not Covered	N/A
(3) Clients' Property	$ 1,000,000	$ 100,000
(4) Vendor Theft	Not Covered	N/A
Coverage B: Forgery or Alteration		
(1) Checks	$ 1,000,000	$ 25,000
(2) Credit, Debit or Charge Cards	$ 1,000,000	$ 25,000
(3) Personal Accounts	Not Covered	N/A
Coverage C: Inside and Outside the Premises		
(1) Inside the Premises	$ 1,000,000	$ 10,000
(2) Outside the Premises	$ 1,000,000	$ 10,000
Coverage D: Computer and Funds Transfer Fraud		
(1) Computer Fraud	$ 1,000,000	$ 25,000
(2) Funds Transfer Fraud	$ 1,000,000	$ 25,000
Coverage E: Money Orders and Counterfeit Money	$ 1,000,000	$ 1,000
Coverage F: Telephone Toll Fraud	$ 100,000	$ 10,000
Coverage G: Identity Fraud Expense	$ 25,000	$ 1,000
Coverage H: Virus and Licensing Violations		
(1) Virus Restoration	$ 100,000	$ 10,000
(2) Licensing Violation Fines and Penalties	$ 100,000	$ 10,000
Coverage I: Expense	$ 25,000	N/A

Coverage is provided only if an amount is shown opposite an Insuring Agreement. If the amount is left blank or "Not Covered" is inserted, such Insuring Agreement and any other reference thereto in this policy is deleted.

HISCOX

DECLARATIONS

HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, IL 60603
(914) 273-7400

Policy Number: UC21302736.14

Endorsements Forming Part Of This Policy When Issued:

(1) E9611.1. Government Conversion (with Faithful Performance), (2) E9740.1. Tennessee Amendatory Endorsement, (3) E9647.1. Subsidiary Definition Amended

Cancellation Of Prior Insurance Issued By Us:

By acceptance of this Policy you give us notice cancelling prior policy Nos.
N/A ; the cancellation to be effective at the time this Policy becomes effective.

Total Premium: $ 40,486.00

Notice of Claim to: **Hiscox**
Attn: Crime & Fidelity Claims Dept.
520 Madison Avenue, 32nd Floor New York, NY 10022
Email - d&oclaims@hiscox.com
Fax - 212-922-9652

CRI D001 CW (06/10)

HISCOX

DECLARATIONS

HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue, Suite 600, Chicago, IL 60603
(914) 273-7400

Policy Number: UC21302736.14

IN WITNESS WHEREOF, the Insurer indicated above has caused this Policy to be signed by its President and Secretary, but this Policy shall not be effective unless also signed by our duly authorized representative.

President

Secretary

Authorized Representative

10/13/2014

Date

HISCOX

ECONOMIC AND TRADE SANCTIONS POLICYHOLDER NOTICE

Hiscox is committed to complying with the U.S. Department of Treasury Office of Foreign Assets Control (OFAC) requirements. OFAC administers and enforces economic sanctions policy based on Presidential declarations of national emergency. OFAC has identified and listed numerous foreign agents, front organizations, terrorists, and narcotics traffickers as Specially Designated Nationals (SDN's) and Blocked Persons. OFAC has also identified Sanctioned Countries. A list of Specially Designated Nationals, Blocked Persons and Sanctioned Countries may be found on the United States Treasury's web site http://www.treas.gov/offices/enforcement/ofac/.

Economic sanctions prohibit all United States citizens (including corporations and other entities) and permanent resident aliens from engaging in transactions with Specially Designated Nationals, Blocked Persons and Sanctioned Countries. Hiscox may not accept premium from or issue a policy to insure property of or make a claim payment to a Specially Designated National or Blocked Person. Hiscox may not engage in business transactions with a Sanctioned Country.

A Specially Designated National or Blocked Person is any person who is determined as such by the Secretary of Treasury.

A Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States.

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy may be rendered void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

(1) Any insured under this Policy, or any person or entity claiming the benefits of such insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to US economic trade sanctions;

(2) Any claim or suit that is brought in a Sanctioned Country or by a Sanctioned Country government, where any action in connection with such claim or suit is prohibited by US economic or trade sanctions;

(3) Any claim or suit that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to US economic or trade sanctions;

(4) Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country government, where any activities related to such property are prohibited by US economic or trade sanctions; or

(5) Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to US economic or trade sanctions.

Please read your Policy carefully and discuss with your broker/agent or insurance professional. You may also visit the US Treasury's website at http://www.treas.gov/offices/enforcement/ofac/.

HISCOX

Endorsement 1

NAMED INSURED: Shelby County, Tennessee

E9611.1 Government Conversion (with Faithful Performance)

This endorsement modifies insurance provided under the CRIME INSURANCE Policy Form whether written as a standalone policy or as a module attached to another policy.

SCHEDULE

Faithful Performance of Duty Limit of Insurance: $1,000,000

1. In paragraph **I. Insuring Agreements**, the following is added to Coverage A(1) Employee Theft:

   We will pay for loss of or damage to **Money**, **Securities**, and/or **Other Property** resulting directly from the failure of any **Employee** to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of **Your** covered property. The most **We** will pay for loss arising out of any one **Occurrence** is the Limit of Insurance shown in the Schedule. That Limit is part of, not in addition to, the Limit of Insurance shown in the Declarations.

2. The following is added to the Transfer of Your Rights of Recovery Against Others to Us Condition:

   In the event of a loss covered under paragraph 1. above, **We** shall not pursue our right of recovery against the **Employee** who failed to faithfully perform his or her duties as long as such failure does not involve a theft or other dishonest act.

3. The following additional exclusions are added:

   FP-O. Loss resulting from the failure of any entity acting as a depository for **Your** property or property for which **You** are responsible.

   FP-P. Damages for which **You** are legally liable as a result of:
   (i) The deprivation or violation of the civil rights of any person by an **Employee**; or
   (ii) The tortious conduct of an **Employee**, except the conversion of property of other parties held by **You** in any capacity.

4. The following additional Condition is added to Coverage A:

   The following Condition applies to Coverage A and all subparts:

   We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any **Employee** under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

5. The coverage provided by this endorsement does not apply to Coverage A(2) ERISA.

6. In paragraph **I. Insuring Agreements**, the Condition applicable to Coverage A and all subparts is amended such that a "**Theft**, **Forgery**, or any other dishonest act" shall include an act which would be covered under Coverage A, as amended by this endorsement.

All other terms and conditions remain unchanged.

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HISCOX

Endorsement 1

NAMED INSURED: Shelby County, Tennessee

E9611.1 Government Conversion (with Faithful Performance)

7. Throughout the policy any references to partners, **Managers** or **Members**, are deleted in their entirety.

8. The Consolidation - Merger or Acquisition Condition and any references to merged, consolidated or acquired entities throughout the policy are deleted in their entirety.

9. The definition of **Subsidiary** is amended to read as follows:

   Subsidiary means any agency, authority or district (including Special Districts) which is governed directly by the governing body of any insured listed on the Declarations or by endorsement.

All other terms and conditions remain unchanged.

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Endorsement effective: 11/01/2014
Endorsement No: 1

Policy No.: UC21302736.14
Processed Date: 10/13/2014

By : Carl Bach
(Appointed Representative)

HISCOX

Endorsement 2

NAMED INSURED: Shelby County, Tennessee

E9740.1 Tennessee Amendatory Endorsement

This endorsement modifies insurance provided under the CRIME INSURANCE Policy Form whether written as a standalone policy or as a module attached to another policy.
In consideration of the premium charged, it is understood and agreed that the policy is modified as follows:

1. In the **CONDITIONS** Clause, paragraph (iv) of B. **Cancellation** is replaced by the following:

   (v) If this policy is cancelled, **We** will send the first Named Insured any premium refund due. The refund will be pro rata if:
   a. **We** cancel; or
   b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

   The refund may be less than pro rata if the first Named Insured cancels the policy.
   The cancellation will be effective even if we have not made or offered a refund.

2. In the **CONDITIONS** Clause, the following is added to paragraph B. **Cancellation**:

   (vii) **Cancellation Of Policies In Effect For 60 Days Or More**
   If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy **We** issued, **We** may cancel this policy only for one or more of the following reasons:
   a. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
   b. **Your** conviction of a crime increasing any hazard insured against;
   c. Discovery of fraud or material misrepresentation on the part of either of the following:
      (1) **You** or **Your** representative in obtaining this insurance; or
      (2) **You** in pursuing a claim under this policy;
   d. Failure to comply with written loss control recommendations;
   e. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;
   f. Determination by the insurance commissioner that the continuation of the policy would jeopardize **Our** solvency or would place **Us** in violation of the insurance laws of Tennessee or any other state;
   g. **Your** violation or breach of any policy terms or conditions; or
   h. Other reasons that are approved by the insurance commissioner.

   Notice of cancellation will state the reason for cancellation.

3. In the **CONDITIONS** Clause, the following is added to paragraph B. **Cancellation** and supersedes any other provision to the contrary:

   (viii) **Nonrenewal**
   a. If **We** decide not to renew this policy, **We** will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:
      (1) **We** have offered to issue a renewal policy; or
      (2) **You** have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

HISCOX

Endorsement 2

NAMED INSURED: Shelby County, Tennessee

E9740.1 Tennessee Amendatory Endorsement

b. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. In the **CONDITIONS** Clause, the following is added to paragraph Q. **Premiums**:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

All other terms and conditions remain unchanged.

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Endorsement effective: 11/01/2014
Endorsement No: 2

Policy No.: UC21302736.14
Processed Date:10/13/2014

By : Carl Bach
(Appointed Representative)

HISCOX

Endorsement 3

NAMED INSURED: Shelby County, Tennessee

E9647.1 Subsidiary Definition Amended

This endorsement modifies insurance provided under the CRIME INSURANCE Policy Form whether written as a standalone policy or as a module attached to another policy.

1. In Clause II. **Definitions**, the definition of **Subsidiary** is deleted in its entirety and replaced with the following:

   BB. **Subsidiary** means any corporation or limited liability company in which, on or prior to the effective date of this Policy, **You** own or control directly, or through one or more **Subsidiaries**, more than fifty percent (50%) of the outstanding securities or voting rights representing the right to elect or appoint such entity's board of directors, board of trustees, board of managers or a functional equivalent.

   However, this Policy does not cover Loss sustained by any **Subsidiary** occurring at any time during which such entity was not a **Subsidiary**.

All other terms and conditions remain unchanged.

CRI E9647 CW (10/12)

Endorsement effective: 11/01/2014
Endorsement No: 3

Policy No.: UC21302736.14
Processed Date: 10/13/2014

By : Carl Bach
(Appointed Representative)

HISCOX

Crime Insurance

Policy Form

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered. Those words (other than the words in the captions) which are printed in Boldface are defined in the Policy.

In return for the payment of premium, subject to all the terms and conditions of this policy, and in reliance upon the statements made by **You** in the Application, which forms a part of this Policy, **We** agree with **You** to provide the insurance as stated in this policy:

I. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that **You** sustain resulting directly from an **Occurrence** taking place at any time which is **Discovered** by **You** or an **Executive Employee** during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition:

Coverage A: Fidelity

(1) Employee Theft

We will pay for loss of or damage to **Money**, **Securities** and **Other Property** resulting directly from **Theft** and/or **Forgery** committed by an **Employee**, whether identified or not, acting alone or in collusion with other persons.

(2) ERISA

We will pay, directly to an **Employee Benefit Plan**, for loss of or damage to **Money**, **Securities** and **Other Property** resulting directly from fraudulent or dishonest acts committed by a **Fiduciary** of any **Employee Benefit Plan**, whether identified or not, acting alone or in collusion with other persons.

The Limit of Insurance shown in the Declarations for Coverage A(2) ERISA shall apply to each and every **Employee Benefit Plan** sustaining such loss or damage. In the event of an **Occurrence** involving both Coverage A(1) Employee Theft and Coverage A(2) ERISA, the Limit of Insurance shown in the Declarations for Coverage A(2) shall be in addition to the Limit of Insurance shown for Coverage A(1) Employee Theft.

If the Limit of Insurance for Coverage A(2) ERISA no longer complies with the minimum amount of coverage required for such **Employee Benefit Plan(s)** under ERISA (unless the Limit of Insurance no longer complies due to investment in non-qualified assets), but which would have complied at the time the Policy was issued, **We** agree to increase the Coverage A(2) ERISA Limit of Insurance with regard to such **Employee Benefit Plan(s)** so as to equal the minimum amount of coverage required under ERISA.

The Deductible Amount does not apply to Coverage A(2) ERISA.

(3) Clients' Property

We will pay for loss of or damage to **Money**, **Securities** and **Other Property** sustained

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by **Your Client** resulting directly from **Theft** and/or **Forgery** committed by an identified **Employee**, acting alone or in collusion with other persons, including an **Employee** in collusion with an **Employee** of **Your Client**.

(4) Vendor Theft

We will pay for loss of or damage to **Money**, **Securities** and **Other Property** resulting directly from **Theft** committed by an identified **Employee** of **Your Vendor** (other than one with an ownership interest of greater than 25% in the **Vendor**) acting alone or in collusion with other persons.

This coverage shall only apply to the amount of loss **You** cannot recover under the contract with the **Vendor** and from any insurance or indemnity carried by, or for the benefit of the **Vendor** or customers of the **Vendor**.

The Limit of Insurance shown for Coverage A(4) Vendor Theft shall be part of, not in addition to, the Limit of Insurance shown for Coverage A(1) Employee Theft.

The following Condition applies to Coverage A and all subparts:

(i) All subparts of Coverage A terminate as to any **Employee** as soon as an **Executive Employee** not in collusion with the **Employee** learns of **Theft**, **Forgery** or any other dishonest act committed by the **Employee**:

(1) after becoming employed by You; or

(2) if such **Theft**, **Forgery** or dishonest act exceeded $10,000, before becoming employed by **You**.

Coverage B: Forgery or Alteration

(1) Checks

We will pay for loss resulting directly from **Forgery** or alteration of checks, drafts, promissory notes, convenience checks, HELOC checks, or similar written promises, orders or directions to pay a sum certain in **Money** that are:

(i) Made or drawn by or drawn upon **You**; or

(ii) Made or drawn by one acting as **Your** agent;

or that are purported to have been so made or drawn.

(2) Credit, Debit or Charge Cards

We will pay for loss resulting directly from **Forgery** or alteration of written instruments required in conjunction with any credit, debit, convenience, stored-value or charge card issued to **You** or any **Employee** for business purposes as long as **You** or the **Employee** have complied fully with the provisions, conditions or other terms under which the credit, debit, convenience, stored-value or charge card was issued.

(3) Personal Accounts

We will pay for loss resulting directly from **Forgery** or alteration of checks, drafts, promissory notes, convenience checks, HELOC checks, or similar written promises,

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orders or directions to pay a sum certain in **Money** that are made or drawn by or drawn upon a personal account of an **Executive Employee** or that are purported to have been so made or drawn.

The following Conditions apply to Coverage B and all subparts:

(i) A substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced;

(ii) Signatures that are produced or reproduced electronically, mechanically or by other means shall be treated the same as handwritten signatures;

(iii) **You** must include with **Your** proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss;

(iv) If **You** are sued for refusing to pay any instrument covered above on the basis that it has been forged or altered, and **You** have **Our** written consent to defend against the suit, **We** will pay for any reasonable legal expenses that **You** incur and pay in that defence. The amount that **We** will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement. The Deductible Amount does not apply to legal expenses paid under this paragraph.

Coverage C: Inside and Outside the Premises

(1) Inside the Premises

(i) **We** will pay for loss of **Money** and **Securities** inside the **Premises** or **Banking Premises**:

(1) resulting directly from **Theft** committed by a person present inside such **Premises** or **Banking Premises**; or

(2) resulting directly from disappearance or destruction.

(ii) **We** will pay for loss of or damage to **Other Property**:

(1) inside the **Premises** resulting directly from an actual or attempted **Robbery** of a **Custodian**; or

(2) inside the **Premises** in a safe or vault resulting directly from an actual or attempted **Safe Burglary**.

(iii) **We** will pay for loss from damage to the **Premises** or its exterior resulting directly from an act covered by paragraph (i) or (ii) if **You** are the owner of the **Premises** or are liable for damage to it.

(iv) **We** will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the **Premises** resulting directly from an actual or attempted **Theft** of or unlawful entry into those containers.

(2) Outside the Premises

(i) **We** will pay for loss of **Money** and **Securities** outside the **Premises** in the

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care and custody of a **Messenger** or an armored motor vehicle company resulting directly from **Theft**, disappearance or destruction

(ii) **We** will pay for loss of or damage to **Other Property** outside the **Premises** in the care and custody of a **Messenger** or an armored motor vehicle company resulting directly from an actual or attempted **Robbery**.

The following Condition applies to Coverage C and all subparts:

We will only pay:

(i) for the amount of loss **You** cannot recover under **Your** contract with the armored motor vehicle company and from any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(ii) up to $10,000 for any one **Occurrence** of loss of or damage to:

(1) precious metals, precious or semi-precious stones, pearls, furs or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles.

(2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

Coverage D: Computer and Funds Transfer Fraud

(1) Computer Fraud

We will pay for loss of or damage to **Money**, **Securities** and/or **Other Property** resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the **Premises** or **Banking Premises**:

(i) to a person (other than a **Messenger**) outside those **Premises** or **Banking Premises**; or

(ii) to a place outside those **Premises** or **Banking Premises**.

We will only pay up to $10,000 for any one **Occurrence** of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

(2) Funds Transfer Fraud

We will pay for loss of **Money** and **Securities** resulting directly from a **Fraudulent Instruction** directing a financial institution to transfer, pay or deliver **Money** and **Securities** from **Your Transfer Account**.

Coverage E: Money Orders and Counterfeit Money

We will pay for loss resulting directly from **Your** having accepted in good faith, in exchange for merchandise, **Money** or services:

(i) money orders issued by any post office, express company or bank that are not paid upon presentation; or

(ii) **Counterfeit Money** that is acquired during the regular course of business.

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Coverage F: Telephone Toll Fraud

We will pay for loss from long distance telephone charges incurred by **You** resulting directly from fraudulent use or fraudulent manipulation of an **Account Code** or **System Password** required to gain access into **Your Voice Computer System**, provided such loss did not result from the failure to:

(i) install and maintain in operating condition a call disconnect feature to terminate a caller's access after three unsuccessful attempts to enter an **Account Code**;

(ii) incorporate a **System Password**; or

(iii) change a **System Password** every 60 days.

We will only pay for loss resulting from toll call charges made on telephone lines directly controlled by one **Voice Computer System** occurring for a period of not more than 30 days inclusive of the date on which the first such toll call charges were made.

Coverage G: Identity Fraud Expense

We will pay for **Identity Fraud Expenses** incurred by **You** or any **Executive Employee** resulting directly from **Identity Fraud.**

Coverage H: Virus and Licensing Violations

(1) Virus Restoration

We will pay for costs that **You** incur to restore or replace damaged or destroyed **Electronic Data** or **Computer Programs** stored within **Your Computer System** resulting directly from:

(i) a virus directed solely against **You** designed to damage or destroy **Electronic Data** or **Computer Programs** and introduced maliciously by a natural person; or

(ii) vandalism by a person who has gained unauthorized access to **Your Computer System**;

including reasonable costs that **You** incur to restore **Your Computer System** to the level of operational capability that existed before the virus or vandalism occurred.

(2) Licensing Violation Fines and Penalties

We will pay for fines and penalties that **You** incur resulting directly from the unauthorized reproduction of computer software by an **Employee**, in violation of a licensing agreement with a third party vendor, provided the unauthorized reproduction is done:

(i) without **Your** or an **Executive Employee's** knowledge;

(ii) without the knowledge of any other person having responsibility for compliance with the terms of the software licensing agreement;

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and **You** are legally liable for the loss.

Coverage I: Expense

We will reimburse **You** for reasonable costs, fees or other expenses that **You** incur and pay to an independent accounting, auditing or other service (which is not a **Client**) used to determine the existence or amount of loss covered under this insurance with **Our** prior written consent.

Any expense payable to **You** is only applicable to a covered loss which exceeds the Deductible Amount subject to such covered loss.

Any expense payable to **You** is part of, not in addition to, the Limit of Insurance subject to such covered loss.

II. Definitions

A. **Account Code** means a confidential and protected string of characters that identifies or authenticates a person and permits that person to gain access to **Your Voice Computer System** for the purpose of making long distance toll calls or utilizing voice mail box messaging capabilities or similar functional features of the system.

B. **Banking Premises** means the interior of that portion of any building occupied by a financial institution or similar safe depository including a night depository chute, ATM machine owned by such financial institution (wherever located) or safe of such institution.

C. **Client** means any entity to which **You** provide goods or services under a written agreement.

D. **Computer Programs** means a set of related electronic instructions which direct the operations and functions of a computer or devices connected to it which enable the computer or devices to receive, process, store, retrieve or send **Electronic Data**.

E. **Computer System** means:

(i) computers and related peripheral components;

(ii) systems and applications software;

(iii) terminal devices; and

(iv) related communications networks;

by which **Electronic Data** is received, processed, stored, retrieved or sent.

F. **Counterfeit Money** means an imitation of **Money** that is intended to deceive and to be taken as genuine.

G. **Custodian** means **You**, or any of **Your** partners or **Members**, or any **Employee** while having care and custody of property inside the **Premises**, excluding any person while acting as a **Watchperson** or janitor unless such person is also an **Employee**.

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H. **Discover** or **Discovered** means the time when **You** or an **Executive Employee** first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this Policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discover or **Discovered** also means the time when **You** or an **Executive Employee** first receive notice of an actual or potential claim in which it is alleged that **You** are liable to a third party under circumstances which, if true, would constitute a loss under this Policy.

I. **Electronic Data** means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, DVDs, Blu-ray Discs, flash drives, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.

J. **Employee** means any:

(i) natural person:

(1) while in **Your** service and for the first 60 days immediately after termination of service, unless such termination is due to **Theft**, **Forgery** or any other dishonest act committed by the **Employee**;

(2) who **You** compensate directly by salary, wages or commissions; and

(3) who **You** have the right to direct and control while performing services for **You**;

(ii) temporary **Employee**;

(iii) natural person who is leased to **You**;

(iv) natural person who is a former **Employee**, partner, **Member**, **Manager**, director or trustee retained as a consultant while performing services for **You**;

(v) natural person who is a guest student or intern;

(vi) of **Your Managers**, directors or trustees while performing acts within the usual duties of an **Employee**;

(vii) non-compensated officer;

(viii) volunteer;

(ix) committee member;

(x) **Employee** on military, disability, family medical or similar leave; and

(xi) **Fiduciary**, but only as respects Coverage A(2) ERISA;

Employee does not mean any agent (regardless of whether or not there is a written agreement as specified in the definition of **Vendor**), broker, factor, commission merchant, consignee, independent contractor or representative or

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person of the same general character not specified above.

K. **Employee Benefit Plan** means any welfare or pension benefit plan that is sponsored by **You** whether or not such plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

L. **Executive Employee** means **Your** proprietor, natural person partner, member of the board of directors, member of the board of trustees, **Member**, **Manager**, officer and any **Employee** in a risk management, general counsel, insurance or human resources department or function.

(i) Solely with respect to Coverage A(2) ERISA, **Executive Employee** shall also include a **Fiduciary**.

(ii) Solely with respect to Coverage G Identity Fraud Expense, **Executive Employee** shall also include any spouse, child under the age of 18 or relative living in the household of any **Executive Employee**.

M. **Fiduciary** means any natural person who is a trustee, officer, **Employee**, administrator or manager, except an administrator or manager who is an independent contractor of any **Employee Benefit Plan**; and a director or trustee of **Yours** while that person is engaged in handling **Money**, **Securities** or **Other Property** of any **Employee Benefit Plan**.

N. **Forgery** means the signing of the name of another person or organization with the intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

O. **Fraudulent Instruction** means

(i) an electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by **You**, but which was in fact fraudulently transmitted by someone else without **Your** knowledge or consent;

(ii) a written instruction (other than those described in Coverage B) issued by **You**, which was forged or altered by someone other than **You** without **Your** knowledge or consent, or which purports to have been issued by **You**, but was in fact fraudulently issued without **Your** knowledge or consent; or

(iii) an electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by **You** which purports to have been transmitted by an **Employee** but which was in fact fraudulently transmitted by someone else without **Your** or the **Employee's** knowledge or consent.

P. **Identity Fraud** means the act of knowingly transferring or using, without lawful authority, a means of identification of **Your** business or any covered individual with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.

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Q. **Identity Fraud Expenses** means:

(i) advertising and public relations expenses incurred by **You** to restore **Your** business reputation as a result of an **Identity Fraud**;

(ii) costs incurred by **You** or any covered individual for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;

(iii) costs incurred by **You** or any covered individual for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;

(iv) costs incurred by **You** or any covered individual for obtaining credit reports;

(v) lost income incurred by **You** or any covered individual resulting from time taken off work to complete fraud affidavits, meet with or talk to law enforcement agencies, credit agencies and/or legal counsel, up to a maximum payment of $250 per day. Total payment for lost income is not to exceed $10,000 or the Limit of Insurance shown in the Declarations, whichever is less;

(vi) loan application fees, incurred by **You** or any covered individual for reapplying for a loan when the original application is rejected solely because the lender received incorrect credit information;

(vii) reasonable attorney fees to:

(1) defend lawsuits brought against **You** by merchants, vendors, suppliers, financial institutions or their collection agencies;

(2) remove any criminal or civil judgements wrongly entered against **You**; and

(3) challenge the accuracy or completeness of any information in a consumer credit report for **You**;

(viii) charges incurred by **You** or any covered individual for long distance telephone calls to merchants, vendors, suppliers, customers, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual **Identity Fraud**; and any other reasonable expenses incurred by **You** or any covered individual with **Our** written consent.

R. **Manager** means a person serving in a directorial capacity for a limited liability company.

S. **Member** means an owner of a limited liability company represented by its membership interest, who also may serve as a **Manager**.

T. **Messenger** means **You**, or a relative of **Yours**, or any of **Your** partners or **Members**, or any **Employee** while having care and custody of property outside the **Premises**.

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U. **Money** means:

(i) currency, coins, and bank notes in current use anywhere in the world and having a face value;

(ii) bullion; and

(iii) traveller's checks, register checks and money orders held for sale to the public.

V. **Occurrence** means:

(i) Under Coverage A Fidelity and H(2) Fines and Penalties:

(1) an individual act;

(2) the combined total of all separate acts whether or not related; or

(3) a series of acts whether or not related;

committed by an **Employee**, **Fiduciary** or **Vendor Employee** acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, before such Policy Period or both.

(ii) Under Coverage B Forgery or Alteration:

(1) an individual act;

(2) the combined total of all separate acts whether or not related; or

(3) a series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, before such Policy Period or both.

(iii) Under Coverage H(1) Virus Restoration paragraph (i): As respects a virus, all covered costs incurred by **You** between the time the damage or destruction is **Discovered** and the time **Your Computer System** is restored to the level of operational capability that existed before the virus occurred. Recurrence of the same virus after **Your Computer System** has been restored shall constitute a separate occurrence.

(iv) Under all other coverages:

(1) an individual act or event;

(2) the combined total of all separate acts or events whether or not related; or

(3) a series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, before such Policy Period or both.

W. **Other Property** means any tangible property other than **Money** and **Securities**

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that has intrinsic value. **Other Property** does not include **Computer Programs**, **Electronic Data** or any property specifically excluded under this Policy.

X. **Premises** means the interior of that portion of any building **You** occupy in conducting **Your** business.

Y. **Robbery** means the unlawful taking of property from the care and custody of a person by one who has:

(i) caused or threatened to cause that person bodily harm; or

(ii) committed an obviously unlawful act witnessed by that person.

Z. **Safe Burglary** means the unlawful taking of:

(i) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

(ii) A safe or vault from inside the **Premises**.

AA. **Securities** means negotiable or nonnegotiable instruments or contracts representing either **Money** or property and includes:

(i) tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use;

(ii) casino chips issued by **You**; and

(iii) evidences of debt issued in connection with credit or charge cards, which cards are not issued by **You**;

but does not include **Money**.

BB. **Subsidiary** means any corporation or limited liability company in which, on or prior to the effective date of this policy, **You** own or control directly, or through one or more **Subsidiaries**, more than fifty percent (50%) of the outstanding securities or voting rights representing the right to elect or appoint such entity's board of directors, board of trustees, board of managers or a functional equivalent.

CC. **System Administration** means the performance of any security function including, but not limited to:

(i) defining authorized persons to access the system;

(ii) adding, deleting or changing **Account Codes** or passwords;

(iii) installing or deleting any system option which directs telephone call routing or adds, drops or moves telephone lines; or

(iv) any other activity allowed by a hardware or software-based system option that has been incorporated by a manufacturer or a vendor into a **Voice Computer System** provided the system is not intended for the sole use of the manufacturer or vendor.

DD. **System Maintenance** means performing hardware and software installation,

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diagnostic and correction and similar activities that are performed in the usual custom and practice by a manufacturer or vendor to establish or maintain the basic operational functionality of a **Voice Computer System**.

EE. **System Password** means a confidential and protected string of characters that identifies or authenticates a person and permits that person to gain access to **Your Voice Computer System** to perform **System Administration** or **System Maintenance** or a component thereof.

FF. **Theft** means the unlawful taking of property to the deprivation of the Insured. Solely with respect to Coverage A(3) Clients' Property, **Theft** shall mean the unlawful taking of property to the deprivation of a **Client**.

GG. **Transfer Account** means an account maintained by **You** at a financial institution from which **You** can initiate the transfer, payment or delivery of **Money** or **Securities**:

(i) by means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or

(ii) by means or written instructions (other than those described in Coverage B) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

HH. **Vendor** means an entity that provides a service to **You** under a written agreement which includes a requirement to provide Crime or Fidelity insurance covering **Your** property in the care, custody and control of the **Vendor** and/or its **Employees** for a limit equal to or greater than that shown in the Declarations of this Policy under Coverage A(1) Employee Theft. If such agreement is not valid or collectable then this Policy will respond only to that portion of loss which would have been excess of such requirement.

However, **Vendor** does not include any financial institution, asset manager, broker, dealer or armored motor vehicle company.

II. **Voice Computer System** means a computer system installed in one location which functions as a private branch exchange (PBX), voice mail processor, automated call attendant or provides a similar capability used for the direction or routing of telephone calls in a voice communications network.

JJ. **Watchperson** means any person retained by **You** specifically to have care and custody of property inside the **Premises** and who has no other duties. However, **Watchperson** does not include an **Employee**.

KK. **We**, **Us** or **Our** means the insurance company shown in the Declarations.

LL. **You** or **Your** means:

(i) the Named Insured shown in the Declarations;

(ii) any **Subsidiary** thereof; and

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(iii) solely with respect to Coverage A(2) ERISA, any **Employee Benefit Plan**.

III. Exclusions

This Policy does not cover:

A. **Acts Committed by You, Your Partners or Your Members**

Loss resulting from **Theft** or any other dishonest act committed by:

(i) **You**; or

(ii) any of **Your** partners or **Members**;

whether acting alone or in collusion with other persons.

B. **Acts of Employees Learned of by You Prior to the Policy Period**

Loss caused by an **Employee** if the **Employee** had also committed **Theft**, **Forgery** or any other dishonest act prior to the effective date of this Policy and **You** or an **Executive Employee** not in collusion with the **Employee**, learned of that **Theft, Forgery** or dishonest act prior to the Policy Period shown in the Declarations.

However, this provision shall not apply if the **Theft**, **Forgery** or other dishonest act occurred prior to the **Employee** becoming **Your Employee** and the amount of such act did not exceed $10,000.

C. **Acts of Employees, Managers, Directors, Trustees or Representatives**

Loss resulting from **Theft**, **Forgery** or any other dishonest act committed by any of **Your Employees**, **Managers**, directors, trustees or authorized representatives:

(i) whether acting alone or in collusion with other persons; or

(ii) while performing services for **You** or otherwise;

except when covered under Coverage A Fidelity and H Virus and Licensing Violations.

D. **Confidential Information**

Loss resulting from:

(i) the unauthorized disclosure of **Your** confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) the unauthorized use or disclosure of confidential information of another person or entity which is held by **You** including, but not limited to, financial information, personal information, credit card information or similar non-public information.

E. **Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

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F. **Indirect Loss**

Loss that is an indirect result of an **Occurrence** covered by this Policy including, but not limited to, loss resulting from:

(i) **Your** inability to realize income that **You** would have realized had there been no loss of or damage to **Money**, **Securities** or **Other Property**.

(ii) payment of damages of any type for which **You** are legally liable. But, **We** will pay compensatory damages arising directly from a loss covered under this Policy.

(iii) payment of costs, fees or other expenses **You** incur in establishing the existence or the amount of loss under this Policy except when covered under Coverage I Expense.

G. **Legal Fees, Costs and Expenses**

Fees, costs and expenses incurred by **You** which are related to any legal action, except when covered under Coverage B Forgery or Alteration or Coverage G Identity Fraud Expense.

H. **Nuclear Hazard**

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

I. **War or Military Action**

Loss or damage resulting from:

(i) war, including undeclared or civil war;

(ii) warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(iii) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Coverage A Fidelity does not cover:

J. **Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(i) an inventory computation; or

(ii) a profit and loss computation.

However, where **You** establish wholly apart from such computations that **You** have sustained a loss, then **You** may offer **Your** inventory records and actual physical count of inventory in support of the amount of loss claimed.

K. **Trading**

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Loss resulting from trading, whether in **Your** name or in a genuine or fictitious account. Provided, however, that this exclusion shall not apply to direct losses caused by **Theft** and/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, but not limited to promotions and raises associated with employment, paid by **You** to such **Employee**).

Coverage C Inside and Outside the Premises does not cover:

L. **Accounting or Arithmetical Errors or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

M. **Exchanges or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

N. **Fire**

Loss or damage resulting from fire, however caused, except:

(i) Loss of or damage to **Money** and **Securities**; and

(ii) Loss from damage to a safe or vault.

O. **Kidnap, Ransom and Extortion**

Loss of **Money**, **Securities** or **Other Property** resulting directly or indirectly from kidnap, extortion or ransom payments surrendered to any person as a result of a threat, including, but not limited to a threat of bodily harm, property damage, denial of service, virus or other malicious instruction, product contamination and/or dissemination of confidential information.

P. **Money Operated Devices**

Loss of property contained in any money operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.

Q. **Motor Vehicles or Equipment and Accessories**

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

R. **Vandalism**

Loss from damage to the **Premises** or its exterior, or to any safe, vault, cash register, cash box, cash drawer or **Other Property** by vandalism or malicious mischief.

S. **Voluntary Parting of Title to or Possession of Property**

Loss resulting from **Your**, or anyone acting on **Your** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession

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of any property.

Coverage D Computer and Funds Transfer Fraud does not cover:

T. **Credit Card Transactions**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

U. **Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(i) an inventory computation; or

(ii) a profit and loss computation.

However, where **You** establish wholly apart from such computations that **You** have sustained a loss, then **You** may offer **Your** inventory records and actual physical count of inventory in support of the amount of loss claimed.

Coverage H Virus and Licensing Violations does not cover:

V. **Errors or Omissions**

Loss resulting from errors or omissions in the design, programming or processing of **Computer Programs** or **Electronic Data**.

W. **Fraudulent Preparation or Input**

Loss resulting from the fraudulent preparation or input of **Electronic Data** or **Computer Programs.**

IV. Limit of Insurance

The most **We** will pay for all loss resulting directly from an **Occurrence** is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Coverage, the most **We** will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Coverages. However, this provision does not apply to Coverage A(2) ERISA.

V. Deductible

We will not pay for loss resulting directly from an **Occurrence** unless the amount of loss exceeds the Deductible Amount shown in the Declarations. **We** will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

VI. Conditions

Conditions applicable to all Coverages:

A. **Additional Premises or Employees**

If, while this Policy is in force, **You** establish any additional **Premises** or hire additional **Employees**, other than through consolidation or merger with, or

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purchase or acquisition of assets or liabilities of, another entity, such **Premises** and **Employees** shall automatically be covered under this Policy. Notice to **Us** of an increase in the number of **Premises** or **Employees** need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

B. **Cancellation**

(i) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to **Us** advance written notice of cancellation.

(ii) **We** may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 15 days before the effective date of cancellation if **We** cancel for non-payment of premium; or

(2) 60 days before the effective date of cancellation if **We** cancel for any other reason.

(iii) **We** will mail or deliver **Our** notice to the first Named Insured's last mailing address known to **Us**.

(iv) Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.

(v) If this policy is cancelled, **We** will send the first Named Insured any premium refund due. If **We** cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if **We** have not made or offered a refund.

(vi) If notice is mailed, proof of mailing will be sufficient proof of notice.

C. **Changes**

This Policy contains all the agreements between **You** and **Us** concerning the insurance afforded. The First Named Insured shown in the Declarations is authorized to make changes in the terms of this Policy with **Our** consent. This Policy's terms can be amended or waived only by endorsement issued by **Us** and made a part of this Policy.

D. **Concealment, Misrepresentation or Fraud**

This Policy is void in any case of fraud by **You** as it relates to this Policy at any time. It is also void if **You**, at any time, intentionally conceal or misrepresent a material fact concerning:

(i) this Policy;

(ii) the property covered under this Policy;

(iii) **Your** interest in the property covered under this Policy; or

(iv) a claim under this Policy.

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E. **Consolidation – Merger or Acquisition**

(i) Except as provided in Paragraph (ii), if **You** consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

(1) **You** must give **Us** written notice as soon as possible and obtain **Our** written consent to extend the coverage provided by this Policy to such consolidated or merged entity or such purchased or acquired assets or liabilities. **We** may condition **Our** consent by requiring payment of an additional premium; but

(2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this Policy shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all **Occurrences** causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

(ii) For entities **You** acquire in which **You** own greater than fifty percent (50%) of the voting stock or voting rights, coverage under this Policy shall automatically become effective on the date of such acquisition with no additional premium required, provided:

(1) All **Occurrences** causing or contributing to a loss involving the acquired entity must take place after the effective date of such acquisition; and

(2) The assets of the acquired entity do not exceed thirty five percent (35%) of **Your** total assets as reflected in **Your** most recent calendar quarter consolidated financial statements immediately preceding the effective date of the Policy.

F. **Cooperation**

You must cooperate with **Us** in all matters pertaining to this Policy as stated in its terms and conditions.

G. **Duties in the Event of Loss**

After **You** or an **Executive Employee Discovers** a loss or a situation that may result in loss of or damage to **Money**, **Securities** or **Other Property** that, in **Your** best estimate, exceeds 50% of the Deductible Amount shown in the Declarations, **You** must:

(i) notify **Us** as soon as practicable and in no event later than 90 days after **Discovery**. If **You** have reason to believe that any loss (except for loss covered under Coverage A Fidelity) involves a violation of law, **You** must also notify the local law enforcement authorities.

(ii) submit to examination under oath at **Our** request and give **Us** a signed statement of **Your** answers.

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(iii) produce for **Our** examination all pertinent records.

(iv) give **Us** a detailed, sworn proof of loss within 120 days.

(v) cooperate with **Us** in the investigation and settlement of any claim.

You must send **Us**, within 60 days after **Our** request, receipts, bills or other records that support any claim for **Identity Fraud Expenses** covered under Coverage G Identity Fraud Expense.

H. **Examination of Your Books and Records**

We may examine and audit **Your** books and records as they relate to this Policy at any time during the Policy Period shown in the Declarations and up to 3 years afterward.

I. **Extended Period to Discover Loss**

We will pay for loss **You** sustained prior to the effective date of cancellation of this Policy, which is **Discovered** by **You** or an **Executive Employee**:

(i) No later than 60 days from the date of that cancellation. However, this extended period to **Discover** loss terminates immediately upon the effective date of any other insurance obtained by **You**, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(ii) No later than 1 year from the date of that cancellation with regard to any **Employee Benefit Plans** under Coverage A(2) ERISA.

J. **Inspections and Surveys**

(i) **We** have the right to:

(1) Make inspections and surveys at any time;

(2) Give **You** reports on the conditions **We** find; and

(3) Recommend changes.

(ii) **We** are not obligated to make any inspections, surveys, reports or recommendations and any such actions **We** do undertake relate only to insurability and the premiums to be charged. **We** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **We** do not warrant that conditions:

(1) Are safe or healthful; or

(2) Comply with laws, regulations, codes or standards.

(iii) This condition applies not only to **Us**, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

K. **Joint Insured**

(i) The first Named Insured will act for itself and for every other Insured for all

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purposes of this Policy. If the first Named Insured ceases to be covered, then the largest **Subsidiary**, by asset size, will become the first Named Insured.

(ii) If any Insured, or partner, **Member** or officer of that Insured has knowledge of any information relevant to this Policy, that knowledge is considered knowledge of every Insured.

(iii) An **Employee** of any Insured is considered an **Employee** of every Insured.

(iv) If this Policy or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is **Discovered** by **You** or an **Executive Employee**:

(1) No later than 60 days from the date of that cancellation. However, this extended period to **Discover** loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from **Us** or another insurer, replacing in whole or in part the coverage afforded under this Policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(2) No later than 1 year from the date of that cancellation with regard to any **Employee Benefit Plan(s)** covered under Coverage A(2) ERISA.

(v) **We** will not pay more for loss sustained by more than one Insured than the amount **We** would pay if all such loss had been sustained by one Insured except as provided in Coverage A(2) ERISA.

(vi) Payment by **Us** to the first Named Insured for loss sustained by any Insured, other than an **Employee Benefit Plan**, shall fully release **Us** on account of such loss. Payment by **Us** to any **Employee Benefit Plan(s)** for loss sustained by any **Employee Benefit Plan(s)**, shall fully release **Us** on account of such loss.

L. **Legal Action Against Us**

You may not bring any legal action against **Us** involving loss:

(i) unless **You** have complied with all the terms of this Policy;

(ii) until 90 days after **You** have filed proof of loss with **Us**; and

(iii) unless brought within 2 years from the date **You** or an **Executive Employee Discovered** the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

M. **Liberalization**

If **We** adopt any revision that would broaden the coverage under this Policy without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this Policy.

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N. **Other Insurance**

If other valid and collectible insurance is available to **You** for loss covered under this policy, **We** will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether **You** can collect on it or not. **Our** payment for loss is subject to the terms and conditions of this Policy.

However, if loss covered under this policy is subject to a Deductible, **We** will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

O. **Ownership of Property; Interests Covered**

With respect to Coverage A(1) Employee Theft and A(4) Vendor Theft, the property covered under this Policy is limited to property that **You** own or lease;

With respect to Coverage A(3) Clients' Property, the property covered under this Policy is limited to property:

(i) that **Your Client** owns or leases; or

(ii) that **Your Client** holds for others whether or not **Your Client** is legally liable for the loss of such property.

With respect to all other coverages, the property covered under this Policy is limited to property:

(i) that **You** own or lease; or

(ii) that **You** hold for others whether or not **You** are legally liable for the loss of such property.

However, this Policy is for **Your** benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this Policy must be presented by **You**.

P. **Policy Bridge – Discovery Replacing Loss Sustained**

If this Policy replaces insurance that provided **You** with an extended period of time after cancellation in which to discover loss and which did not terminate at the time this Policy became effective:

(i) **We** will not pay for any loss that occurred during the Policy Period of that prior insurance which is **Discovered** by **You** or an **Executive Employee** during the extended period to **Discover** loss, unless the amount of loss exceeds the Limit of Insurance and Deductible Amount of that prior insurance. In that case, **We** will pay for the excess loss subject to the terms and conditions of this Policy.

(ii) However, any payment **We** make for the excess loss will not be greater than the difference between the Limit of Insurance and Deductible Amount of that prior insurance and the Limit of Insurance shown in the Declarations. **We** will

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not apply the Deductible Amount shown in the Declarations to this excess loss.

Q. **Premiums**

The first Named Insured shown in the Declarations:

(i) is responsible for the payment of all premiums; and

(ii) will be the payee for any return premiums **We** pay.

R. **Records**

You must keep records of all property covered under this Policy so that **We** can verify the amount of any loss.

S. **Recoveries**

(i) Any recoveries, whether effected before or after any payment under this Policy, whether made by **Us** or **You**, shall be applied net of the expense of such recovery:

(1) First, to **You** in satisfaction of **Your** covered loss in excess of the amount paid under this Policy;

(2) Second, to **Us** in satisfaction of amounts paid in settlement of **Your** claim;

(3) Third, to **You** in satisfaction of any Deductible Amount; and

(4) Fourth, to **You** in satisfaction of any loss not covered under this Policy.

(ii) Recoveries do not include any recovery:

(1) From insurance, suretyship, reinsurance, security or indemnity taken for **Our** benefit; or

(2) Of original **Securities** after duplicates of them have been issued.

T. **Territory**

Where legally permissible, this Policy covers loss that **You** sustain resulting directly from an **Occurrence** taking place anywhere in the world.

U. **Transfer of Your Rights and Duties Under This Policy**

Your rights and duties under this Policy may not be transferred without **Our** written consent except in the case of death of an individual Named Insured.

If **You** die, **Your** rights and duties will be transferred to **Your** legal representative but only while acting within the scope of duties as **Your** legal representative. Until **Your** legal representative is appointed, anyone having proper temporary custody of **Your** property will have **Your** rights and duties but only with respect to that property.

V. **Transfer of Your Rights of Recovery Against Others to Us**

You must transfer to **Us** all **Your** rights of recovery against any person or

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organization for any loss **You** sustain and for which **We** have paid or settled. **You** must also do everything necessary to secure those rights and do nothing after loss to impair them.

W. **Valuation – Settlement**

(i) The value of any loss for purposes of coverage under this Policy shall be determined as follows:

(1) Loss of **Money** but only up to and including its face value. **We** will, at **Your** option, pay for loss of **Money** issued by any country other than the United States of America:

(i) At face value in the **Money** issued by that country; or

(ii) In the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was **Discovered**.

(2) Loss of **Securities** but only up to and including their face value at the close of business on the day the loss was **Discovered**. At **Our** option, **We** may:

(i) Pay the market value of such **Securities** or replace them in kind, in which event **You** must assign to **Us** all **Your** rights, title and interest in and to those **Securities**; or

(ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the **Securities**. However, **We** will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

a. market value of the **Securities** at the close of business on the day the loss was **Discovered**; or

b. the Limit of Insurance applicable to the **Securities**.

(3) Loss of or damage to **Other Property** or loss from damage to the **Premises** or its exterior for the replacement cost of the property without deduction for depreciation. However, **We** will not pay more than the least of the following:

(i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

(ii) The amount **You** actually spend that is necessary to repair or replace the lost or damaged property; or

(iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to paragraph (i) through (iii) above, **We** will not pay on a replacement cost basis for any loss or damage:

a. Until the lost or damaged property is actually repaired or

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replaced; and

b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, **We** will pay on an actual cash value basis.

(ii) **We** will, at **Our** option, settle loss or damage to property other than **Money**:

(1) In the **Money** of the country in which the loss or damage occurred; or

(2) In the United States of America dollar equivalent of the **Money** of the country in which the loss or damage occurred determined by the rate of exchange published in The Wall Street Journal on the day the loss was **Discovered.**

(iii) Any property that **We** pay for or replaces becomes **Our** property.

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