

CRIME COVERAGE PART

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SAMPLE

CRIME COVERAGE PART

1. INSURING AGREEMENTS

A. Employee Theft

The **Insurer** shall pay **Loss** by an **Insured** resulting from any **Employee**, acting alone or in collusion with others, committing any:

1. **Theft of Money, Property, or Securities;** or
2. **Forgery.**

B. Customer Property

The **Insurer** shall pay **Loss** by a **Customer** resulting from any **Employee**, not in collusion with such **Customer's** employees, committing any:

1. **Theft of Money, Property, or Securities;** or
2. **Forgery.**

C. Inside The Premises

The **Insurer** shall pay **Loss** by an **Insured**:

1. of **Money** or **Securities** while inside the **Premises** or any **Banking Premises** resulting from any:
 - a. **Third Party** committing any **Robbery, Safe Burglary, or Theft;** or
 - b. destruction or disappearance; or
2. inside the **Premises** resulting from any **Third Party** committing any:
 - a. damage to **Property** during any **Robbery** or attempted **Robbery;**
 - b. damage to **Property** contained inside any safe during any **Safe Burglary** or attempted **Safe Burglary;**
 - c. damage to a locked safe, cash drawer, cash box or cash register during any felonious entry or attempted felonious entry;
 - d. felonious abstraction of a locked safe, cash drawer, cash box or cash register; or
 - e. damage to the **Premises** during any **Safe Burglary** or attempted **Safe Burglary** or **Robbery** or attempted **Robbery.**

D. Outside The Premises

The **Insurer** shall pay **Loss** by an **Insured**:

1. of **Money** or **Securities** while **In Transit**, or while temporarily inside the home of an **Employee** or a partner of an **Insured Organization**, resulting from any:

- a. **Third Party** committing any **Robbery** or **Theft**; or
 - b. destruction or disappearance; or
2. resulting from any **Third Party** committing any:
- a. damage to **Property** while **In Transit** during any **Robbery** or attempted **Robbery**; or
 - b. **Theft** of **Property** while temporarily inside the home of an **Employee** or a partner of an **Insured Organization**.

E. Forgery or Alteration

The **Insurer** shall pay **Loss** by an **Insured** resulting from any **Third Party** committing any:

- 1. **Forgery** of a **Financial Instrument**; or
- 2. **Alteration** of a **Financial Instrument**.

F. Computer Fraud or Fraudulent Transfer Instructions

The **Insurer** shall pay **Loss** by an **Insured** of **Money** or **Securities** resulting from any **Third Party** committing any:

- 1. **Computer Fraud**; or
- 2. **Fraudulent Transfer Instructions**.

G. Currency Fraud

The **Insurer** shall pay **Loss** by an **Insured** resulting from any **Third Party** committing any **Currency Fraud**.

2. DEFINITIONS

Whether used in the singular or plural, the following terms shall have the meanings specified below:

- A. "Alteration"** means the material modification of an original document by a person acting without authority and with the intent to deceive.
- B. "Banking Premises"** means the interior portion of any building occupied by a banking institution or similar safe depository.
- C. "Computer Fraud"** means **Theft** directed solely against an **Insured Organization** committed through the use of any computer or computer network, including all input, output, processing, storage, and communication devices connected to any computer or computer network.
- D. "Counterfeit"** means an imitation of an actual valid original that is intended to deceive and to be taken as the original.
- E. "Currency Fraud"** means the good faith acceptance by an **Insured Organization** in the regular course of business and in exchange for merchandise, **Money**, or services of any:

1. **Counterfeit** United States of America or Canadian post office or express money order, issued or purporting to have been issued by any post office or express company that is not paid upon presentation; or
 2. **Counterfeit** United States of America or Canadian paper currency.
- F. **"Customer"** means any person or entity to which an **Insured Organization** provides goods or services for consideration.
- G. **"Data"** means information contained in any records, accounts, microfilms, tapes or other paper or electronic records.
- H. **"Discovery"** means knowledge acquired by an **Executive** or a **Risk Manager** that would cause a reasonable person to believe (i) a covered **Loss** has occurred or (ii) that circumstances have arisen that may subsequently result in a covered **Loss**, including **Loss**:
1. sustained prior to the inception date of this Policy specified in Item 2 of the Declarations;
 2. not exceeding the applicable Deductible specified in Item 6 of the Declarations; or
 3. for which exact details are unknown.
- Discovery** shall not include knowledge acquired by an **Executive** or a **Risk Manager** acting alone or in collusion with an **Employee** as a participant in a **Theft** or **Forgery**.
- I. **"Employee"** means any:
1. natural person whose labor or service is engaged and directed by any **Insured Organization**, including fulltime, part-time, seasonal, leased and temporary employees as well as volunteers; or
 2. natural person fiduciary, trustee, administrator or employee of a **Sponsored Plan** and any other natural person required to be bonded in connection with a **Sponsored Plan** by Title 1 of **ERISA**.
- Employee** shall not include any: (i) **Executive** except to the extent that such person is performing acts coming within the scope of the usual duties of a nonexecutive **Employee**; (ii) volunteer acting as a fund solicitor during fund-raising activities; or (iii) **Independent Contractor**.
- J. **"Executive"** means any natural person who is a duly elected or appointed:
1. director, officer, or member of the board of managers or management committee of an **Insured Organization**;
 2. in-house general counsel of an **Insured Organization**; or
 3. manager of an **Insured Organization** organized outside the United States of America if such position is equivalent to those specified in 1 or 2 above.
- K. **"Financial Instrument"** means checks, drafts, or similar orders to pay a specific amount of money that are made, drawn by or drawn upon an **Insured Organization** or by anyone acting as an agent of an **Insured Organization**, or that are purported to have been so made or drawn.

- L. **“Forgery”** means the signing of another natural person’s name with the intent to deceive. **Forgery** shall not include a signature that consists in whole or in part of one’s own name, signed with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated the same as hand-written signatures.
- M. **“Fraudulent Transfer Instructions”** means any fraudulent written, electronic, telegraphic, cable, teletype or telephonic instructions issued to a financial institution directing such institution to initiate a transfer of **Money** or **Securities** from any account maintained by an **Insured Organization** at such institution which instructions purport to have been authorized by such **Insured Organization** but were, in fact, fraudulently transmitted by someone other than the **Insured Organization**.
- N. **“In Transit”** means a conveyance outside the **Premises** by an **Insured Organization** within the custody of any:
1. **Employee** or partner of an **Insured Organization**; or
 2. authorized custodian of an **Insured Organization**.
- Such conveyance begins upon receipt of the conveyance by any person described in 1 or 2 above from any **Insured Organization**, and ceases upon delivery of the conveyance to the designated recipient or its agent.
- O. **“Insureds”** means any:
1. **Insured Organization**; or
 2. **Sponsored Plan**.
- Insureds** shall not include a **Customer**.
- P. **“Investigation Costs”** means reasonable and necessary expenses incurred by an **Insured** with the **Insurer’s** prior written consent to establish the existence and amount of a covered **Loss**. **Investigation Costs** shall not include any compensation, benefit expenses, or overhead of any **Insureds** or any expenses incurred by any **Customer**.
- Q. **“Loss”** means direct loss sustained. If Investigation Costs Coverage is elected in Item 6 of the Declarations, **“Loss”** shall also mean **Investigation Costs**.
- R. **“Money”** means currency, coin, and bank notes in current use and having a face value.
- S. **“Premises”** means the interior portion of a building occupied by an **Insured Organization** to conduct its business.
- T. **“Property”** means tangible property other than **Money** or **Securities**. **Property** shall not include **Data**.
- U. **“Risk Manager”** means an **Employee** designated by an **Insured Organization** to effect and maintain insurance for the **Insured Organization**.
- V. **“Robbery”** means a **Theft** from the care and custody of any:
1. **Employee**; or

2. authorized custodian of an **Insured Organization** other than a watchman, porter or janitor,

by violence or threat of violence committed in the presence and cognizance of such person.

W. “**Safe Burglary**” means **Theft** from a locked vault or safe located inside the **Premises** by forcible or violent entry as evidenced by visible marks.

X. “**Securities**” means negotiable and non-negotiable instruments representing either **Money** or **Property**.

Y. “**Sponsored Plan**” means any:

1. Employee Benefit Plan, Pension Benefit Plan or Welfare Benefit Plan, as each are defined in **ERISA**, operated solely by any **Insured Organization**, or jointly by any **Insured Organization** and a labor organization, for the benefit of **Employees** only;
2. other employee benefit plan or program not subject to **ERISA** that is sponsored solely by any **Insured Organization** for the benefit of **Employees** only; or
3. plan, fund, or program specifically included as a **Sponsored Plan** by a written endorsement issued by the **Insurer**.

Sponsored Plan shall not include any multi-employer plan.

Z. “**Theft**” means any unlawful taking.

AA. “**Third Party**” means any natural person other than:

1. an **Employee** or an **Executive**; or
2. a person acting in collusion with an **Employee** or an **Executive**.

3. EXCLUSIONS

A. The **Insurer** shall not be liable to pay **Loss** resulting from any:

1. **Theft, Computer Fraud, Fraudulent Transfer Instructions** or any other fraudulent, dishonest or criminal act (other than **Robbery** or **Safe Burglary**), by any authorized representative of the **Insured Organization**, other than an **Employee**, provided that this exclusion shall not apply if an authorized representative is acting in collusion with any **Employee**;
2. fire, provided that this exclusion shall not apply to:
 - a. **Loss of Money or Securities**; or
 - b. damage to any safe or vault caused by the application of fire during any **Safe Burglary** or attempted **Safe Burglary**;
3. **Theft or Forgery** by a partner of an **Insured Organization** whether acting alone or in collusion with others, provided that if such **Theft** or **Forgery** would have otherwise been a covered **Loss** if committed by someone else, the **Insurer** shall pay a percentage of such **Loss** equal to the percentage ownership of the innocent partners

of such **Insured Organization** on the day immediately preceding the date of **Discovery**;

4. authorized or unauthorized trading, regardless of whether such trading is: (i) in the name of the **Insured** or another; (ii) in a genuine or fictitious account; or (iii) with or without the knowledge of any **Insured**; provided that this exclusion shall not apply to **Loss** caused by **Theft** or **Forgery** resulting in improper financial gain to an **Employee** (**Loss** as used in this exclusion means only the amount of improper financial gain to such **Employee** and shall not include any compensation paid by an **Insured Organization** to such **Employee** such as salary, bonuses, incentive payments commissions, or employee benefits);
5. misappropriation or loss of use of trade secrets, confidential processing methods, or other confidential information of any kind;
6. declared or undeclared war, civil war, insurrection, rebellion or revolution, military, naval or usurped power, governmental intervention or authority, expropriation or nationalization or any act or condition incident or related to any of the foregoing;
7. unrealized loss of income, including, without limitation, interest and dividends;
8. indirect or consequential loss of any nature, including, without limitation, fines, penalties, multiple or punitive damages; provided that this exclusion shall not apply to otherwise covered **Investigation Costs** if Investigation Costs Coverage is elected in Item 6 of the Declarations;
9. **Employee** to the extent that **Loss** occurs:
 - a. after an **Executive** or **Risk Manager** acquires knowledge of fraud or dishonesty committed by such **Employee** involving **Money**, **Securities** or **Property**, regardless of whether such fraud or dishonesty occurred prior to or during employment with an **Insured**; or
 - b. more than sixty (60) days after termination of such **Employee**;
10. expenses incurred by an **Insured** in defending or prosecuting any legal proceeding or claim; provided that this exclusion shall not apply to the coverage provided under Section 7. Defense Costs Coverage (Forgery or Alteration);
11. **Insured** knowingly giving or surrendering **Money**, **Property**, or **Securities** in any exchange or purchase with a **Third Party** not in collusion with an **Employee**; provided that this exclusion shall not apply to **Currency Fraud**;
12. **Loss** sustained by one **Insured** to the advantage of any other **Insured**;
13. disappearance of, or damage to, **Money**, **Property**, or **Securities** while in the custody of any bank, trust company, similar recognized place of safe deposit, armored motor vehicle company or any person duly authorized by an **Insured Organization** to have custody of the property; provided that this exclusion shall not apply to **Loss** excess of the amount recovered or received by an **Insured Organization** under:
 - a. the **Insured Organization's** contract, if any, with, or insurance carried by, any of the foregoing; or
 - b. any other insurance or indemnity in force; or

14. nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
- B. Regarding Insuring Agreements A and B, the **Insurer** shall not be liable to pay **Loss** resulting from any:
1. unidentified **Employee**; or
 2. agent, broker, factor, commission merchant, consignee, contractor, independent contractor or other representative of the same general character.
- C. Regarding Insuring Agreements C and D, the **Insurer** shall not be liable to pay **Loss** resulting from:
1. **Forgery, Computer Fraud or Fraudulent Transfer Instructions**; or
 2. destruction, disappearance or damage to **Money, Securities or Property** while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.
- D. Regarding Insuring Agreements C, D, and F, the **Insurer** shall not be liable to pay **Loss** resulting from kidnap, ransom or other extortion payment provided that this exclusion shall not apply to **Robbery**.
- E. Regarding Insuring Agreement E, the **Insurer** shall not be liable to pay **Loss** resulting from **Forgery** or **Alteration** of any:
1. **Financial Instrument** committed by any **Third Party** in collusion with any **Employee**; or
 2. registered or coupon obligations issued or purported to have been issued by the **Insured**.
- F. If the Loss Sustained coverage option is elected in Item 6 of the Declarations, the **Insurer** shall not be liable to pay **Loss** unless sustained prior to the termination of this Policy and **Discovery** occurs and written notice thereof is given to the **Insurer** not later than:
1. sixty (60) days following such termination; or
 2. one (1) year following such termination if the termination results from the voluntary liquidation or voluntary dissolution of the **Named Organization**.
- G. If the Loss Discovered coverage option is elected in Item 6 of the Declarations, the **Insurer** shall not be liable to pay **Loss** unless:
1. **Discovery** occurs and written notice thereof is given to the **Insurer** prior to the termination of this Policy ; or
 2. sustained prior to the termination of this Policy and **Discovery** occurs and written notice thereof is given to the **Insurer** within one (1) year following such termination if the termination results from the voluntary liquidation or voluntary dissolution of the **Named Organization**.
- H. The **Insurer** shall not be liable to pay **Loss** for which **Discovery** occurred prior to the inception date of this Policy specified in Item 2 of the Declarations.

4. LIMIT OF LIABILITY AND DEDUCTIBLE

- A. The **Insurer's** maximum aggregate liability for each single **Loss** under each elected Insuring Agreement shall not exceed the applicable Limit of Liability specified in Item 6 of the Declarations, regardless of the number of **Insureds** sustaining such **Loss**.
- B. All **Loss** resulting from a single act or any number of acts of the same **Employee** or **Third Party**, regardless of whether such act or acts occurred before or during the **Policy Period**, shall be treated as a single **Loss** and the applicable Limit of Liability of this Coverage Part shall apply, subject to Section 9. Prior Loss Coverage.
- C. If **Loss** is covered under more than one Insuring Agreement of this Coverage Part, the maximum amount payable under this Coverage Part shall not exceed the largest applicable Limit of Liability of any such Insuring Agreement.
- D. If there is more than one **Insured**, the maximum liability of the **Insurer** for any single **Loss** sustained by more than one **Insured** shall not exceed the amount for which the **Insurer** would have been liable if the single **Loss** had been sustained by one **Insured**.
- E. The amount that the **Insurer** shall pay for any single **Loss** shall not be cumulative from **Policy Period** to **Policy Period**.
- F. The **Insurer's** liability under this Coverage Part shall apply only to that part of each **Loss** excess of the applicable Deductible specified in Item 6 of the Declarations.

5. SPONSORED PLAN COVERAGE

- A. Payment of **Loss** incurred by a **Sponsored Plan** shall be paid by the **Insurer** to the **Named Organization** for the use and benefit of such **Sponsored Plan**.
- B. The Limit of Liability applicable to any single **Loss** incurred by one or more **Sponsored Plans** shall be the applicable Limit of Liability specified in item 6 of the Declarations provided that such amount exceeds the minimum limit of liability for each **Sponsored Plan** (the "Minimum Limit of Liability") incurring such single **Loss**.
- C. The Minimum Limit of Liability for each **Sponsored Plan** shall equal the lesser of:
 - 1. ten percent (10%) of such **Sponsored Plan's** assets as of the beginning of such **Sponsored Plan's** fiscal year; or
 - 2. \$500,000.
- D. If a single **Loss** is incurred by more than one **Sponsored Plan**, then the Limit of Liability applicable to such **Loss** shall be the greater of:
 - 1. the applicable Limit of Liability specified in item 6 of the Declarations; or
 - 2. the sum of the Minimum Limit of Liability for each **Sponsored Plan** incurring such single **Loss**.
- E. Notwithstanding any other provision of this Policy, no Deductible shall apply to **Loss** by any **Sponsored Plan**.

6. OWNERSHIP OF PROPERTY; INTERESTS COVERED

- A. Regarding all Insuring Agreements other than Insuring Agreement B, coverage shall only apply to **Money, Property** or **Securities** owned by the **Insured**, for which the **Insured** is legally liable, or held by the **Insured** whether or not the **Insured** is liable, provided that:
1. the **Insurer** shall not be liable for damage to the **Premises** unless the **Insured Organization** is the owner or is liable for such damage; and
 2. regarding Insuring Agreement A, no coverage shall apply for **Money, Property** or **Securities** of a **Customer**.
- B. Regarding Insuring Agreement B, coverage shall only apply to **Money, Property** or **Securities** of a **Customer** held by the **Insured Organization** or for which the **Insured Organization** is legally liable.

7. DEFENSE COSTS COVERAGE (FORGERY OR ALTERATION)

Regarding Insuring Agreement E, coverage shall include reasonable attorneys' fees and court costs incurred and paid with the **Insurer's** prior written consent in defending an **Insured Organization** or an **Insured Organization's** financial institution in any legal proceeding brought against it to enforce payment of a **Financial Instrument**. The coverage provided under this Section shall be part of, and not in addition to, the limit of liability specified in Item 6 of the Declarations for Insuring Agreement E.

8. INVESTIGATION COSTS COVERAGE (ALL INSURING AGREEMENTS)

- A. If Investigation Costs Coverage is elected in Item 6 of the Declarations, the **Insurer** shall pay **Investigation Costs** incurred by any **Insured** resulting from any **Loss** covered under Insuring Agreements A through G provided that such **Loss** exceeds the Deductible applicable to the relevant Insuring Agreement.
- B. This coverage shall be subject to the Sublimit of Liability specified in Item 6 of the Declarations. Such Sublimit of Liability shall be the maximum aggregate amount that the **Insurer** shall pay under this coverage. Such Sublimit of Liability shall be part of, and not in addition to, the Limits of Liability applicable to the above Insurance Agreements. Other than as specified above, no Deductible shall apply to this coverage.

9. PRIOR LOSS COVERAGE

- A. If Loss Sustained Coverage is elected in Item 6 of the Declarations, coverage shall be available under this Policy for **Loss** prior to the inception date of this Policy specified in Item 2 of the Declarations, or the effective date of any coverage for any additional **Insureds** or coverage added by endorsement, provided that:
1. an **Insured** or a predecessor in interest of such **Insured** carried a prior bond or policy that afforded coverage for such **Loss** during the period of such prior bond or policy;
 2. such coverage continued without interruption from the time of such **Loss** until the inception date of this Policy or the effective date specified above;
 3. **Discovery** occurred after the time to report such **Loss** had expired under the last such bond or policy;

4. some or all of the coverage of an **Insuring Agreement** under this Coverage Part would be applicable to such **Loss**;
 5. if such prior bond or policy carried by an **Insured** or predecessor in interest of such **Insured** was issued by the **Insurer** or its affiliates, such prior bond or policy shall terminate as of the inception date of this Policy and no coverage shall be provided under such prior bond or policy; and
 6. the **Insurer's** maximum liability for the prior **Loss** shall not exceed the lesser of either: (i) the limit of liability of the policy immediately preceding this Policy; or (ii) the applicable Limit of Liability specified in Item 6 of the Declarations.
- B.** If Loss Discovered Coverage is elected in Item 6 of the Declarations, coverage shall be available for **Loss** prior to the inception date of this Policy specified in Item 2 of the Declarations, or the effective date of coverage for any additional **Insureds** or coverage added by endorsement, provided that:
1. some or all of the coverage of an **Insuring Agreement** under this Coverage Part would be applicable to such **Loss**;
 2. if an **Insured** or a predecessor in interest of such **Insured** carried a prior bond or policy that afforded coverage for **Loss** and was not issued by the **Insurer** or its affiliates and **Discovery** of such **Loss** occurred prior to the expiration of the time allowed for discovery under the last such bond or policy, then no coverage shall be available under this Policy unless **Loss** otherwise covered under the prior bond or policy exceeds the limit of liability of the last such prior bond or policy in which case this Policy shall provide excess coverage over such prior bond or policy subject to all of the terms and conditions of this Policy; and
 3. if an **Insured** or a predecessor in interest of such **Insured** carried a prior bond or policy that afforded coverage for a **Loss** and was issued by the **Insurer** or its affiliates, such prior bond or policy shall terminate as of the inception date of this Policy and no coverage shall be provided under such prior bond or policy.
- C.** Except as specified in **A** and **B** above, there shall be no coverage under this Coverage Part for **Loss** prior to the: (i) inception date of this Policy specified in Item 2 of the Declarations; or (ii) effective date of coverage for any additional **Insureds** or coverage added by endorsement.

10. CALCULATION OF LOSS

- A.** For **Loss** of **Securities**, the **Insurer** shall pay the lesser of either:
1. the actual market value of lost, damaged or destroyed **Securities**, but only up to and including their value at the close of business on the business day immediately preceding the **Discovery** of such **Loss**;
 2. the cost of replacing **Securities**; or
 3. the cost to post a Lost Securities Bond in connection with issuing duplicates of the **Securities**.
- B.** For **Loss** of books of account or other records, the **Insurer** shall pay the cost of blank books, pages or tapes or other blank materials to replace lost or damaged books of account or other records.

- C. For **Loss of Property**, the **Insurer** shall pay the lesser of either:
1. the price paid by an **Insured** for the **Property**; or
 2. the cost to repair or replace **Property** with that of like kind, quality and value at the time that the **Named Organization** furnishes a proof of loss pursuant to Section 11. Loss Reporting Rights and Duties.
- D. For **Loss** of foreign currency, the **Insurer** shall pay the United States of America dollar equivalent of foreign currency determined by the rate of exchange on the date of **Discovery** of such **Loss**.

11. LOSS REPORTING RIGHTS AND DUTIES

- A. Knowledge possessed by any **Insured** or **Discovery** shall be deemed knowledge possessed or **Discovery** by all **Insureds**.
- B. Upon **Discovery** and as a condition precedent to coverage, the **Named Organization** shall provide to the **Insurer**:
1. written notice at the earliest practicable moment, but no later than thirty (30) days after **Discovery**;
 2. a sworn proof of loss with full particulars within 120 days of **Discovery**, including:
 - a. submission to examination under oath at the **Insurer's** request and provide a signed statement of answers; and
 - b. production of all pertinent records at such reasonable times and places as the **Insurer** shall designate; and
 3. full and complete cooperation in all matters pertaining to a **Loss** or claim, including the investigation and settlement thereof.
- C. If an **Insured Organization** establishes wholly apart from its inventory records that it has a covered **Loss** caused by an identified **Employee**, then it may offer a comparison between its inventory records and a physical count of its inventory to prove the amount of such **Loss**.
- D. No **Insured** shall institute legal proceedings against the **Insurer** regarding any **Loss**:
1. more than two (2) years after **Discovery**; or
 2. to recover a judgment or settlement against it or its bank resulting from **Forgery** or **Alteration**, or defense costs as specified in Section 7 Defense Costs Coverage (Forgery or Alteration), more than two (2) years after the date such judgment shall become final or settlement was entered.