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## **SCHEDULE**

CHUBB INSURANCE COMPANY  
OF AUSTRALIA LIMITED  
(A.B.N. 69 003 710 647)  
A.F.S. Licence No: 239778  
Herein called the Company

**Item 1. Principal Organisation:**

<b>Item 2. Insuring Clauses</b>	<b>Limit of Liability</b>
A. Employee Theft Coverage:	\$
B. Premises Coverage:	\$
C. In Transit Coverage:	\$
D. Forgery Coverage:	\$
E. Computer Fraud Coverage:	\$
F. Funds Transfer Fraud Coverage:	\$
G. Counterfeit Currency Fraud Coverage:	\$
H. Credit Card Fraud Coverage:	\$
I. Client Coverage:	\$
J. Expense Coverage:	\$

If "Not Covered" is inserted opposite any Insuring Clause, such Insuring Clause and any other reference to such Insuring Clause in this Coverage Section shall be deemed to be deleted.

**Item 3. Deductible Amount:**

No Deductible shall apply to (i) **Superannuation Funds** or (ii) Expense Coverage provided pursuant to Insuring Clause J.

**Item 4. Insured:**

**Item 5. Territory:**

**Item 6. Endorsements:**



In consideration of payment of the premium and subject to the terms and conditions of this policy, the Company and the Insured agree as follows:

**1. INSURING CLAUSES**

**Employee Theft Coverage**

**A.** The Company shall pay the **Principal Organisation** for direct loss of **Money, Securities or Property** sustained by an **Insured** resulting from **Theft**, fraud or dishonesty committed by an **Employee**, whether acting alone or in collusion with others, which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.

**Premises Coverage**

**B.** The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from:

- (i) the unlawful taking of **Money** or **Securities** committed by a **Third Party**, or
- (ii) the actual destruction or disappearance of **Money** or **Securities**,

within or from **Premises** or **Banking Premises**, which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period including:

- (a) direct loss of or damage to **Property** which results from **Robbery** or attempted **Robbery** within the **Premises**;
- (b) direct loss of or damage to **Property** contained within any locked vault or safe which results from **Safe Burglary** or attempted **Safe Burglary** within the **Premises**;
- (c) damage to a locked safe, cash drawer, cash box or cash register within the **Premises** by felonious entry or attempted felonious entry or loss by felonious abstraction of such container from within the **Premises**; and
- (d) damage to the **Premises** which results from **Robbery** or **Safe Burglary**.

**In Transit Coverage**

**C.** The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from:

- (i) the unlawful taking of **Money** or **Securities** committed by a **Third Party**; or
- (ii) the actual destruction or disappearance of **Money** or **Securities**,

while **In Transit** or while temporarily within the home of an **Employee** or a partner of an **Insured** that is a partnership, which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period including:

- (a) direct loss or damage to **Property** resulting from **Robbery** while **In Transit**; and
- (b) direct loss resulting from the unlawful taking of **Property** temporarily within the home of an **Employee** or a partner of an **Insured** which is a partnership.



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- Forgery Coverage**
- D. The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from **Forgery** or alteration of a **Financial Instrument** committed by a **Third party** which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period, including:
- (i) any cheque or draft made or drawn in the name of such **Insured** payable to a fictitious payee and endorsed in the name of such fictitious payee;
  - (ii) any cheque or draft procured in a face to face transaction with such **Insured** or with one acting as the agent of such **Insured** by a **Third Party** impersonating another and made or drawn payable to the one impersonated and endorsed by a **Third Party** other than such one impersonated; and
  - (iii) any payroll cheque, payroll draft or payroll order made or drawn by such **Insured** payable to bearer as well as to a named payee and endorsed by a **Third Party** other than such named payee without the authority of such named payee.
- Computer Fraud Coverage**
- E. The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from **Computer Fraud** committed by a **Third Party** which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.
- Funds Transfer Fraud Coverage**
- F. The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from **Funds Transfer Fraud** committed by a **Third Party** which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.
- Counterfeit Currency Fraud Coverage**
- G. The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from **Counterfeit Currency Fraud** committed by a **Third Party** which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.
- Credit Card Fraud Coverage**
- H. The Company shall pay the **Principal Organisation** for direct loss sustained by an **Insured** resulting from **Credit Card Fraud** committed by a **Third Party** which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.
- Client Coverage**
- I. The Company shall pay the **Principal Organisation** for direct loss sustained by a **Client** resulting from **Theft**, fraud or dishonesty committed by an **Employee** not in collusion with such **Client's** directors or employees, including, for the avoidance of doubt, temporary staff, or agents, which direct loss is **Discovered** during the **Policy Period** or Extended Discovery Period.
- Expense Coverage**
- J. The Company shall pay the **Principal Organisation** for **Investigative Costs** or **Computer Violation Expenses**.



## 2. DEFINITIONS

When used in bold type in this **Coverage Section**:

**Banking Premises** means the interior portion of a building occupied by, or the night depository chute or safe maintained by, any authorised deposit taking institution including a bank, building society, credit union or an equivalent organisation in any other jurisdiction.

**Client** means a customer of an **Insured** to whom such **Insured** provides goods or services under a written contract or for a fee or other monetary consideration.

**Computer Fraud** means the unlawful taking or the fraudulently induced transfer of **Money, Securities** or **Property** resulting from a **Computer Violation**.

**Computer System** means a computer or network of computers, including all input, output, processing, storage, off-line media libraries and communication facilities provided that such computer, computer network and facilities are owned and operated or leased and operated by an **Insured**.

**Computer Violation** means the fraudulent:

- (a) entry of **Data** into or deletion of **Data** from a **Computer System**;
- (b) change of **Data** elements or program logic of a **Computer System** which is kept in machine readable format; or
- (c) introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**,

directed against an **Insured**.

**Computer Violation Expenses** means reasonable expenses resulting from any direct loss covered under Insuring Clauses 1.A, E or I which are excess of the Deductible Amount applicable to such direct loss, (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss covered under this policy or other administration costs) incurred by an **Insured**, with the Company's prior written consent, to reproduce or duplicate damaged or destroyed **Data** or computer programs. If such **Data** or computer programs cannot be duplicated from other **Data** or computer programs, then **Computer Violation Expenses** shall also include reasonable costs incurred for the time taken for computer programmers, technical experts or consultants to restore such **Data** or computer programs to substantially the same level or operational capability existing immediately before the covered loss. **Computer Violation Expenses** shall not include expenses incurred by any **Client**.

**Counterfeit Currency Fraud** means the acceptance in good faith and in the ordinary course of business by an **Insured** of:

- (a) any postal or money order issued, or purporting to have been issued, by any post office, which is not paid by the post office upon presentation; or
- (b) counterfeit currency.

**Credit Card Fraud** means the **Forgery** or alteration of, on or in, any written instrument required in connection with any credit card issued to an **Insured** or, at the request of an **Insured**, to any **Employee** or to any partner of an **Insured** that is a partnership.

**Data** means a representation of information, knowledge, facts, concepts or instructions which are processed and stored in a **Computer System**.



**Discovery** or **Discovered** means the knowledge of an **Executive** or **Insurance Representative** of facts which would cause a reasonable person to believe a loss of the type covered by this Coverage Section has occurred or acts have taken place which may subsequently result in such loss. This includes loss sustained prior to the inception date of this Coverage Section; loss which does not exceed the Deductible Amount as set forth in the Schedule; or loss which the exact amount or details of which are unknown. **Discovery** or **Discovered** shall not include knowledge acquired or possessed by an **Executive** or **Insurance Representative**, whether acting alone or in collusion with an **Employee** or any other person, who is a participant in the **Theft**, fraud or dishonesty.

**Employee** means a natural person:

- (a) while in the regular service of an **Insured** in the ordinary course of such **Insured's** business and whom such **Insured** has the right to govern and direct in the performance of such service whether the **Insured** compensates such person by salary, wages and/or commissions or whether such person is a volunteer;
- (b) who is an **Executive** while performing acts within the scope of the usual duties of an employee as described in paragraph (a) of this definition;
- (c) while in the service of any **Superannuation Fund** as fiduciary, trustee, administrator, officer or employee; or
- (d) assigned to perform duties within the scope of the usual duties of an employee, as described in paragraph (a) of this definition, within **Premises** for an **Insured** by any agency furnishing temporary personnel on a contingent or part-time basis. However, this Coverage Section does not cover any loss caused by any such person if such loss is also covered by any insurance or sureties held by the agency furnishing such temporary personnel to an **Insured**.

**Executive** means a natural person who is a duly elected or appointed director or officer, or equivalent positions in any jurisdiction, of an **Insured**. **Executive** shall include a partner of an **Insured** that is a partnership.

**Financial Instrument** means a cheque, draft or similar written promise, order or direction to pay a sum certain in money that is made, drawn by or drawn upon an **Insured** or made or drawn by any person acting as an **Insured's** agent, or that is purported to have been so made or drawn.

**Forgery** means the signing of another natural person's name with the intent to deceive, but does not mean a signature that includes one's own name, in whole, 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.

**Funds Transfer Fraud** means fraudulent electronic, telegraphic, cable, teletype, facsimile, telephonic or written instructions issued to a financial institution directing such financial institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by an **Insured** at such financial institution, without such **Insured's** knowledge or consent.

**Insurance Representative** means an **Employee** designated to represent an **Insured** for the purpose of effecting and maintaining insurance.

**Insured** means, collectively, the organisation designated in Item 4 of the Schedule, any **Subsidiary** and, with respect to Insuring Clause 1.A only, any **Superannuation Fund**.

**In Transit** means **Money**, **Securities** or **Property** being conveyed outside the **Premises**, from one person or place to another, by an **Insured** while in the custody of an **Employee** or a person duly authorised by an **Insured** to have custody. Such conveyance begins immediately upon receipt of **Money**, **Securities** or **Property** by the persons described above from such **Insured** and ceases immediately upon delivery to the designated recipient or its agent.



**Investigative Costs** means reasonable expenses, (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss or other administration costs) incurred by an **Insured**, with the Company's prior written consent, to establish the existence and amount of any direct loss covered by Insuring Clauses 1.A through to 1.I which are excess of the Deductible Amount applicable to such direct loss. **Investigative Costs** shall not include expenses incurred by any **Client**.

**Money** means currency, coin, bank notes and bullion.

**Premises** means the interior of any building occupied by an **Insured** in conducting its business.

**Principal Organisation** means the organisation designated in Item 1 of the Schedule.

**Property** means tangible property other than **Money** or **Securities**.

**Robbery** means the unlawful taking of **Money**, **Securities** or **Property** from the custody of an **Employee** or other natural person (except a person acting as a watchman, porter or caretaker) authorised by an **Insured** to have custody of such **Money**, **Securities** or **Property**, by violence or threat of violence, committed in the presence and cognizance of such **Employee** or other natural person.

**Safe Burglary** means the unlawful taking of **Money**, **Securities** or **Property** by forcible or violent entry evidenced by visible marks from a locked vault or safe located within the **Premises**.

**Salary** means compensation an **Insured** pays an **Employee**, including but not limited to any bonus, commission, incentive payments and the cost of health, welfare and superannuation benefits.

**Securities** means negotiable and non-negotiable instruments representing a share, participation or other interest in the property or enterprise of an entity, such as company stock or bonds.

**Subsidiary** means any organisation in which one or more **Insureds**:

- (a) controls the composition of the organisation's board;
- (b) is in a position to cast, or control the casting of, more than fifty percent (50%) of the maximum number of votes that might be cast at a general meeting of the organisation; or
- (c) holds more than fifty percent (50%) of the issued share capital of the organisation (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

**Subsidiary** shall include any incorporated joint venture or company over which an **Organisation** exercises effective management and control

**Superannuation Fund** means any superannuation fund established by an **Insured** for the sole benefit of employees of such **Insured**.

**Theft** means the unlawful taking of **Money**, **Securities** or **Property** to the deprivation of an **Insured** with respect to Insuring Clause 1.A; or a **Client** with respect to Insuring Clause 1.I.

**Third Party** means a person other than an **Insured** or **Employee** or a person acting in collusion with an **Employee**.



### 3. EXCLUSIONS

#### **A. Exclusions Applicable to All Insuring Clauses**

No coverage will be available under this **Coverage Section** for:

- |   |        |   |
|---|--------|---|
| <b>Confidential Information</b>               | (i)    | loss of any trade secrets, confidential processing methods or information of any kind;  |
| <b>Partner</b>                                | (ii)   | loss due to <b>Theft</b> , fraud or dishonesty committed by a partner of an <b>Insured</b> that is a partnership, whether acting alone or in collusion with others, provided that if such <b>Theft</b> , fraud or dishonesty would otherwise be covered under Insuring Clause 1.A or I.I this exclusion shall not apply to the extent that coverage is excess of the amount of such partner's percentage ownership of such <b>Insured</b> on the day immediately preceding the date of <b>Discovery</b> , multiplied by such <b>Insured's</b> total assets as reflected in its most recent, audited financial statements; |
| <b>War</b>                                    | (iii)  | loss or damage due to war (whether declared or not), civil war, insurrection, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalisation, or any act or condition incident to any of the foregoing;   |
| <b>Loss of Income</b>                         | (iv)   | loss of income as a result of any loss covered under this Coverage Section;   |
| <b>Consequential Loss</b>                     | (v)    | indirect or consequential loss or damage of any kind; provided that this exclusion shall not apply to <b>Investigative Costs</b> and <b>Computer Violation Expenses</b> ;   |
| <b>Legal Proceedings</b>                      | (vi)   | fees, costs or expenses incurred or paid by an <b>Insured</b> in prosecuting or defending any legal proceeding or claim; provided that this exclusion shall not apply to the coverage provided under Section 6. Legal Expenses Extension;   |
| <b>Exchange or Purchase</b>                   | (vii)  | loss due to an <b>Insured</b> or <b>Employee</b> knowingly having given or surrendered <b>Money, Securities or Property</b> in any exchange or purchase with a <b>Third Party</b> ; provided that this exclusion shall not apply to loss otherwise covered under Insuring Clause 1.E or Insuring Clause 1.G;  |
| <b>Insured Advantage</b>                      | (viii) | loss sustained by one <b>Insured</b> to the advantage of any other <b>Insured</b> ;   |
| <b>Safe Deposit or Armoured Motor Vehicle</b> | (ix)   | loss of or damage to <b>Money, Securities or Property</b> while in the custody of any bank, authorised deposit taking institution, armoured motor vehicle company or any person who is duly authorised by an <b>Insured</b> to have custody of <b>Money, Securities or Property</b> ; provided that this exclusion shall not apply to the extent that coverage is excess of the amount recovered or received by an <b>Insured</b> under a contract, if any, with, or insurance carried by, any of the foregoing or any other insurance or indemnity in force which would cover the loss in whole or in part;              |



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- Trading** (x) loss resulting directly or indirectly from any trading of **Money, Securities or Property**, whether or not in the name of an **Insured** and whether or not in a genuine or fictitious account; provided that this exclusion shall not apply to loss otherwise covered under Insuring Clause 1.A which results in improper financial gain to an **Employee** (such loss as used herein shall mean only the amount of improper financial gain to such **Employee** and shall not include **Salary**, commissions, fees or compensation, including but not limited to, promotions and raises associated with employment, paid by an **Insured** to such **Employee**);
- Data** (xi) fees, costs or expenses incurred or paid:
- (a) as a result of the reconstitution of **Data** if an **Insured** knowingly used illegal copies of programs;
  - (b) to render the **Data** usable by replacement processing equipment;
  - (c) to design, update or improve software programs or to perfect their operation or performance; or
  - (d) as a result of an alteration in **Data** held on magnetic media due to the effect of magnetic fields, their incorrect use or the obsolescence of the **Computer System**;
- Fire** (xii) loss or damage due to fire provided that this exclusion does not apply to loss of **Money** or **Securities** or damage to any safe or vault caused by the application of fire thereto for the purposes of **Safe Burglary**; or
- Authorised Representative** (xiii) loss or damage due to **Theft**, fraud, dishonesty, **Forgery**, **Computer Fraud**, **Fund Transfer Fraud**, **Counterfeit Currency Fraud**, **Credit Card Fraud** or any criminal act (other than **Robbery** or **Safe Burglary**) committed by any authorised representative of an **Insured**, whether acting alone or in collusion with others, provided that this exclusion does not apply to loss otherwise covered under Insuring Clause 1.A or 1.I resulting from **Theft**, fraud or dishonesty committed by an **Employee** acting in collusion with such authorised representative.
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**B. Exclusions Applicable to Insuring Clause 1. A or 1.I**

No coverage will be available under Insuring Clause 1.A or 1.I for:

- Known Dishonesty** (i) loss caused by an **Employee** which is sustained by an **Insured**:
- (a) after an **Executive** or **Insurance Representative** becomes aware of **Theft**, fraud or dishonesty committed by such **Employee** while employed with an **Insured**;
  - (b) after an **Executive** or **Insurance Representative** becomes aware of **Theft**, fraud or dishonesty involving **Money, Securities or Property** in an amount of twenty-five thousand dollars (\$25,000) or more, committed by such **Employee** prior to employment with an **Insured**; or
- Agents** (ii) loss caused by any agent, broker, factor, commission merchant, consignee, contractor, subcontractor or similar representative.



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**C. Exclusions Applicable to Insuring Clauses 1.B or 1.C**

No coverage is available under Insuring Clause 1.B or 1.C for loss or damage:

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|----------------|------|---|
| <b>Forgery</b> | (i)  | due to <b>Forgery, Computer Fraud, Counterfeit Currency Fraud, Credit Card Fraud or Funds Transfer Fraud</b> ; or                                     |
| <b>Mail</b>    | (ii) | of or to <b>Money, Securities or Property</b> while in the mail or in the custody of a carrier for hire other than an armoured motor vehicle company. |
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**D. Exclusion Applicable to Insuring Clauses 1.B, 1.C, 1.E or 1.F**

**Kidnap** No coverage is available under Insuring Clause 1.B, 1.C, 1.E or 1.F for loss or damage as a result of a kidnap, ransom or extortion payment (as distinct from **Robbery**) made by or on behalf of an **Insured**.

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**E. Exclusions Applicable to Insuring Clause 1.D**

No coverage is available under Insuring Clause 1.D for loss due to **Forgery** or alteration of:

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|--------------------|------|--|
| <b>Third Party</b> | (i)  | any <b>Financial Instrument</b> committed by any <b>Third Party</b> in collusion with any <b>Employee</b> ; or                       |
| <b>Coupons</b>     | (ii) | any registered or coupon obligation issued or purportedly issued by an <b>Insured</b> , or any coupons whether attached or detached. |
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**F. Exclusion Applicable to Insuring Clause 1.H**

No coverage is available under Insuring Clause 1.H for loss due to any forgery or alteration of, on or in any written instrument provided that this exclusion shall not apply if:

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|-------------------------------|------|--|
| <b>Credit Card Conditions</b> | (i)  | the provisions, conditions and other terms under which the involved credit card was issued were fully complied with; and |
| <b>Legal Liability</b>        | (ii) | an <b>Insured</b> is legally liable to the issuer of such credit card for such loss.                                     |
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**4. DISCOVERY AND LIABILITY FOR PRIOR LOSSES**

Coverage is available for loss sustained at any time and **Discovered** during the **Policy Period**, or the Extended Discovery Period, if applicable.

In the event that loss, which would otherwise be covered under this Coverage Section, is sustained prior to this Coverage Section's inception date; or the effective date of coverage for an additional **Insured**; or the effective date of any coverage added by endorsement, such prior loss is subject to the following:

- A. if an **Insured** was insured under a prior policy issued by a company other than the Company which, at the time such loss was sustained afforded coverage for such prior loss, and such prior loss was first discovered prior to the expiration of the time allowed for discovery under such prior policy, then no coverage shall be available under this Coverage Section, unless the total amount of covered loss exceeds the limit of liability of such prior policy and, in such an event, the Company's Limit of Liability for any such loss will be in excess of the limit of liability of such prior policy and will be subject to all of the terms and conditions of this Coverage Section;



- B. if an **Insured** was insured under a prior policy issued by the Company which, at the time such loss was sustained, afforded coverage for such prior loss, then such prior policy shall terminate as of the inception date of this Coverage Section and such prior policy shall not cover any loss not discovered and notified to the Company prior to the inception date of this Coverage Section. In such an event, the Company's Limit of Liability for any such prior loss shall be the applicable Limit of Liability as set forth in the Schedule of this Coverage Section.
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#### **5. OWNERSHIP**

The Company's liability under this Coverage Section shall apply only to **Money, Securities, or Property** owned by an **Insured** for which it is legally liable, or held by it in any capacity, whether or not it is liable, provided that the Company shall not be liable for damage to **Premises** unless an **Insured** is the owner of such **Premises**, or is legally liable for such damage.

With respect to Insuring Clause 1.I only, the Company's liability under this Coverage Section shall apply only to **Money, Securities or Property** owned by a **Client** for which an **Insured** is legally liable or held by it in any capacity.

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#### **6. LEGAL EXPENSES EXTENSION**

In addition to the Limits of Liability set forth in the Schedule, the Company shall pay the **Principal Organisation**:

- A. With respect to **Forgery** coverage under Insuring Clause 1.D; reasonable court costs and legal fees incurred and paid with the Company's prior written consent in defending an **Insured** or an **Insured's** bank or approved deposit taking institution in any legal proceeding brought against it to enforce payment of a **Financial Instrument**.
- B. With respect to **Credit Card Fraud** coverage under Insuring Clause 1.H; reasonable court costs and legal fees incurred and paid with the Company's prior written consent in defending an **Insured** in any legal proceeding brought against it to enforce payment of a written instrument required in connection with any credit card.
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#### **7. LIMIT OF LIABILITY & DEDUCTIBLE**

The Company's maximum liability for each loss shall not exceed the Limit of Liability applicable to such loss as set forth in Item 2 of the Schedule, regardless of the number of **Insureds** sustaining the loss.

If a direct loss is covered under more than one Insuring Clause, the maximum amount payable under this Coverage Section shall not exceed the largest applicable Limit of Liability of any such Insuring Clause.

All loss resulting from a single act or any number of acts of the same **Employee** or **Third Party**, and all loss whether such act or acts occurred before or during the **Policy Period**, will be treated as a single loss and the applicable Limit of Liability will apply, subject to Section 4. Discovery and Liability for Prior Losses.

The Company's liability under this Coverage Section shall apply only to that part of covered loss which is excess of the applicable Deductible Amount set forth in Item 3 of the Schedule.



## **8. NON-ACCUMULATION OF LIABILITY**

When there is more than one **Insured**, the maximum liability of the Company for loss sustained by one or all **Insureds** shall not exceed the amount for which the Company would be liable if all losses were sustained by any one **Insured**.

Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the amount the Company shall pay for any loss shall not be cumulative from year to year or from **Policy Period to Policy Period**.

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## **9. PROOF OF LOSS AND LEGAL PROCEEDINGS**

It is a condition of coverage hereunder that, upon **Discovery**, the **Principal Organisation** will:

- A. give written notice to the Company at the earliest practicable moment, and in no event later than ninety (90) days after such **Discovery**;
- B. furnish a proof of loss with full particulars to the Company within six (6) months of such **Discovery**;
- C. submit to examination under oath at the Company's request;
- D. produce all pertinent records at such reasonable times and places as the Company designates; and
- E. fully co-operate with the Company in all matters pertaining to a claim for loss.

The **Principal Organisation** may not offer, as a part of any proof of loss, any computation or comparison which involves in any manner a profit and loss computation or comparison. The **Principal Organisation** may offer a comparison between an **Insured's** inventory records and actual physical counts of its inventory to prove the amount of loss only where an **Insured** establishes that, wholly apart from such comparison, it has sustained a covered loss caused by an **Employee**.

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## **10. EXTENDED DISCOVERY PERIOD**

If this Coverage Section is terminated or not renewed by the Company for any reason, other than non-payment of premium, the **Insured** shall have the right upon payment of 50% of the annual premium for this Coverage Section, to an Extended Discovery Period of 365 days from the date of termination or non-renewal within which to report any losses first **Discovered** during such 365 day period, but only to the extent such losses were sustained prior to the effective date of termination or non-renewal.

The right to the Extended Discovery Period shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within ninety (90) days following the effective date of termination or non-renewal of this Coverage Section.

If the Extended Discovery Period is purchased in accordance with this section then:

- A. it cannot be cancelled by the **Insureds** or the Company; and
- B. the entire premium shall be deemed fully earned at the inception of the Extended Discovery Period.



## **11. VALUATION**

The Company shall pay on the bases of valuation set out below in respect of the following categories of covered loss:

- A. loss in respect of **Securities**: the least of: (i) the actual market value of lost, damaged or destroyed **Securities** at the closing price of such **Securities** on the business day immediately preceding the day on which the loss is **Discovered**; (ii) the cost of replacing the **Securities**; or (iii) the cost to post a Lost Instrument Bond. Such costs shall be paid by the Company on behalf of an **Insured**;
  - B. loss in respect of books of account or other records: the cost of blank books, pages, CD Roms or discs or other blank materials to replace lost or damaged books of account or other records;
  - C. loss in respect of other personal property: the least of the price paid by an **Insured** for personal property or the cost to repair or replace such property with property of similar quality and value at the time the **Principal Organisation** furnishes proof of loss in compliance with Section 10.
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## **12. RECOVERIES**

Recoveries with respect to any loss, whether effected by the Company, the **Principal Organisation** or an **Insured**, less the cost of recovery, shall be distributed as follows:

- A. first, to the **Principal Organisation** for the amount of such loss, otherwise covered, in excess of the Limit of Liability;
- B. second, to the Company for the amount of such loss paid to the **Principal Organisation** as covered loss;
- C. third, to the **Principal Organisation** for the Deductible Amount applicable to such loss;
- D. fourth, to the **Principal Organisation** for the amount of such loss excluded under this **Coverage Section**.

Recovery by the Company from reinsurance or indemnity shall not be deemed a recovery hereunder.

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## **13. CHANGES IN EXPOSURE**

If an **Organisation** during the **Policy Period**:

- A. acquires securities or voting rights in another organisation or creates another organisation which as a result of such acquisition or creation becomes a **Subsidiary**; or
- B. acquires any organisation by merger into or consolidation with itself such that the **Organisation** is the holding entity,

then such organisation shall be an **Insured** under this **Coverage Section** solely for loss sustained after the date of such acquisition or creation provided that the total revenues of such acquired or created organisation at the time of its acquisition or creation do not exceed twenty-five per cent (25%) of the total revenues of an **Organisation** as reflected in the most recent audited, consolidated financial statements of the **Organisation** and, in the case of such acquisition, the acquired organisation.

If the preconditions to coverage set forth above is not satisfied then there shall be no coverage for such acquired or created organisation until the **Principal Organisation** submits such information as the Company may require and agrees to pay any additional premium reasonably required by the Company. Coverage for any acquired or created organisation that does not meet the preconditions set forth in paragraph above shall be subject to such additional or different terms and conditions as the Company, in its sole discretion, may require.

If an organisation ceases to be an **Insured** during the **Policy Period**, cover will continue with respect to such organisation until termination of this Coverage Section, but only with respect to loss sustained prior to the date which it ceased to be an **Insured**.



**14. TERMINATION AS TO ANY EMPLOYEE**

For the purposes of coverage under Insuring Clauses 1.A and 1.I, **Employee** shall include an **Employee** for a period of sixty (60) days following termination of employment with an **Insured**.