

# EXECUTIVE PROTECTION POLICY

## **Crime Coverage Section**

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this coverage section, the Company agrees to pay the first named **Insured** for losses any **Insured** sustains between the effective date of this coverage section and its date of termination, as follows:

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### **Insuring Clauses**

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#### *Crime Coverage Insuring Clause 1*

1. The Company shall pay for direct loss sustained by an **Insured**, resulting from:
- (A) **Crime** committed by an **Employee** acting alone or in collusion with others;
  - (B) **Robbery** or **Safe Burglary** committed by a **Third Party**;
  - (C) the physical destruction or disappearance of **Money** or **Securities** within or from the **Premises** or while **In Transit**;
  - (D) **Forgery** of a **Financial Instrument** by a **Third Party**;
  - (E) **Funds Transfer Fraud** by a **Third Party**;
  - (F) **Money Orders And Counterfeit Currency Fraud** by a **Third Party**;
  - (G) **Credit Card Fraud** by a **Third Party**; or
  - (H) **Computer Fraud** by a **Third Party**.

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#### *Client Coverage Insuring Clause 2*

2. The Company shall pay the **Insured** for direct loss sustained by a **Client** resulting from **Crime** by an **Employee** not in collusion with such **Client's** employees.

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#### *Employee Benefit Plan Coverage Insuring Clause 3*

3. The Company shall pay the **Insured** for direct loss sustained by an **Employee Benefit Plan** resulting from **Crime** committed by an **Employee**, fiduciary, trustee, administrator or employee of such **Employee Benefit Plan** acting alone or in collusion with others.

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#### *Expense Coverage Insuring Clause 4*

4. The Company shall pay for **Expenses** incurred by an **Insured**:
- (A) resulting from any direct loss covered hereunder; or
  - (B) Caused solely by a **Computer Violation**.

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### **Definitions**

5. **Banking Premises** means the interior portion of a building occupied by, or the night depository chute or safe maintained by, any bank, trust company or similar institution.

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

**Computer Fraud** means the unlawful taking of **Money**, **Securities** or **Merchandise** through the use of any **Computer System**.

**Computer System** means a computer or network with its input, output, processing, storage and communication facilities, and shall include off-line media libraries.

# EXECUTIVE PROTECTION POLICY

## **Definitions (Continued)**

5. **Computer Violation** means an intentional, unauthorized and malicious:
- (A) entry of data into a **Computer System**;
  - (B) change to data elements or program logic which is kept in machine readable format; or
  - (C) introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**,
- directed solely against any **Insured**.

**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 partner, officer or **Employee** of an **Insured**.

**Crime** means the unlawful taking of **Money**, **Securities** or **Property** to the deprivation of:

- (i) an **Insured**, solely for the purposes of Insuring Clause 1(A);
- (ii) a **Client**, solely for the purposes of Insuring Clause 2; or
- (iii) an **Employee Benefit Plan**, solely for the purposes of Insuring Clause 3.

**Data** means information contained in manuscripts, records, accounts, microfilms, tapes or other records, whether or not contained in a **Computer System**.

**Discovery** or **Discovered** means knowledge acquired by a director, officer or **Insurance Representative** of an **Insured** which would cause a reasonable person to believe a loss or an occurrence has arisen that may subsequently result in a covered loss. This includes loss:

- (A) sustained prior to the coverage Inception Date;
- (B) which does not exceed the Deductible in the Declarations; or
- (C) the exact amount or details of which are unknown.

**Employee** means a natural person who is:

- (A) in the regular service of an **Insured** in the ordinary course of its business and for the first sixty (60) days following termination of service, whether temporary, permanent, full-time, part-time or seasonal; and
- (B) governed and directed by an **Insured** in the performance of such service; and
- (C) compensated by an **Insured** through salary, wages or commissions.

**Employee** also includes a natural person who satisfies (A) and (B) above and who is:

- (D) not compensated;
- (E) a member of the board of directors, board of trustees, board of managers or equivalent management board of any **Insured**; or
- (F) performing **Employee** duties pursuant to a lease or other written contract to which any **Insured** is a party.

# EXECUTIVE PROTECTION POLICY

## **Definitions (Continued)**

5. **Employee Benefit Plan** means a benefit plan or program established, maintained or sponsored solely by an **Insured**.

### **Expenses** means:

- (A) reasonable expenses, other than an **Insured's** internal corporate costs (such as employee remuneration), incurred by an **Insured** with the Company's prior written consent:
- (i) to establish the existence and amount of a covered loss in excess of the Deductible;
  - (ii) to reproduce **Data**;
  - (iii) to enable an **Insured** to resume its business operations to a substantially similar standard as that immediately before **Crime** or **Computer Violation**; or
  - (iv) to repair or replace to a substantially similar standard any safe or vault damaged as a result of **Robbery** or **Safe Burglary**.
- (B) Reasonable court costs and attorneys' fees incurred and paid with the Company's prior written consent in:
- (i) defending legal proceedings brought against an **Insured** which result in a judgment against such **Insured** establishing its liability for a covered loss in excess of the Deductible;
  - (ii) defending an **Insured's** bank in any legal proceeding brought against it to enforce payment of a **Financial Instrument**, but only with respect to **Forgery** coverage under Insuring Clause 1(D).

**Financial Instrument(s)** means cheques, drafts or similar written promises, orders or directions to pay a sum certain in money, that are made, drawn by or drawn upon an **Insured** or by anyone acting as an **Insured's** agent, or that are 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, 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 the fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver **Money** or **Securities** from any account maintained by an **Insured** at such institution, without an **Insured's** knowledge or consent.

**In Transit** means within the custody of:

- (A) an **Employee**; or
- (B) a person authorized by an **Insured** to have custody of **Money** or **Securities**, who has insurance or provides indemnity for such loss;

outside the **Premises**.

# EXECUTIVE PROTECTION POLICY

## **Definitions (Continued)**

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

**Insured** means a company designated in the Declarations.

**Merchandise** means an **Insured's** inventory, raw materials, work in progress and products manufactured or distributed by an **Insured**.

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

**Money Orders And Counterfeit Currency Fraud** means the good faith acceptance:

- (A) in exchange for **Merchandise, Money** or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or
- (B) in the regular course of business, of counterfeit Canadian or United States paper currency.

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

**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 person authorized by an **Insured**, except a person acting as a watchman, porter or janitor, by violence or threat of violence, committed in the presence and cognizance of such 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** or **Banking Premises**.

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

**Subsidiary** means any corporation or limited liability corporation in which one or more **Insureds**, in any combination, directly or indirectly owns or controls more than 50% of the outstanding securities or the voting rights representing:

- (A) the present right to vote for the election of directors; or
- (B) the present right to elect, appoint or designate members of the Board of Managers or equivalent executives.

**Third Party** means a person other than an **Insured** or **Employee**.

## EXECUTIVE PROTECTION POLICY

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### Exclusions

6. Coverage hereunder does not apply to:
- (A) loss resulting directly or indirectly from any authorized or unauthorized trading of **Money, Securities or Property**, whether or not in the name of the **Insured** and whether or not in a genuine or fictitious account. This exclusion shall not apply to direct losses caused by **Crime** which result in improper financial gain to such **Employee**. Direct losses as used herein shall mean only the amount of improper financial gain to the **Employee**.  
Salary, commissions, fees or other emoluments, including but not limited to promotions and raises associated with employment, paid by the **Insured** to such **Employee**, shall not constitute improper financial gain;
  - (B) loss of trade secrets, confidential processing methods or other confidential information of any kind;
  - (C) **Crime** committed against an **Insured** by a partner of such **Insured**. However, if **Crime** committed by such partner would have resulted in a covered loss, the Company shall pay the amount which exceeds such partner's percentage ownership of the **Insured** on the day immediately preceding the date of **Discovery** multiplied by the **Insured's** total assets as reflected in an **Insured's** most recent audited financial statements;
  - (D) loss arising from declared or undeclared war, civil war, insurrection, riot, civil commotion, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization;
  - (E) loss of income not realized as the result of a covered loss;
  - (F) indirect or consequential loss of any kind except for covered **Expenses** under Insuring Clause 4;
  - (G) loss caused by an **Employee** which is **Discovered** after an elected or appointed officer of the **Insured** acquires at any time knowledge of:
    - (i) **Crime** committed by such **Employee** while employed with an **Insured**; or
    - (ii) fraud or dishonesty involving **Money, Securities** or other property valued at \$25,000 or more committed prior to employment with an **Insured**.
  - (H) loss of or damage to property, except as otherwise covered hereunder;
  - (I) loss arising from extortion (as distinct from **Robbery**);
  - (J) expenses incurred:
    - (i) as a result of the reconstitution of **Data** recorded on magnetic or optical media if there are no analysis files, specifications or backups of software or **Data** held outside the **Premises**;
    - (ii) as a result of the reconstitution of **Data** if an **Insured** knowingly uses illegal copies of programs;
    - (iii) to render the **Data** usable by replacement processing equipment;
    - (iv) to design, update or improve software or programs or to perfect their operation or performance;

## EXECUTIVE PROTECTION POLICY

### **Exclusions (Continued)**

6. (v) 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**;
- (K) expenses incurred by a **Client**;
- (L) fees, cost or expenses incurred or paid by an **Insured** in prosecuting any legal proceeding or claim;
- (M) loss due to an **Insured** knowingly having given or surrendered **Money, Securities or Property** in exchange or purchase to a **Third Party**, not in collusion with an **Employee**. This exclusion shall not apply to **Money Orders and Counterfeit Currency Fraud**;
- (N) loss sustained by one **Insured** to the advantage of any other **Insured**;
- (O) loss caused by any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character; or
- (P) loss of or 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.

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### **Employee Benefit Plans**

7. Payment by the Company for covered loss to the first named **Insured** shall be held by such **Insured** for the use and benefit of the **Employee Benefit Plans** sustaining such loss.

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### **Termination as to any Employee**

8. This coverage shall terminate as to any **Employee** immediately upon **Discovery** at any time by an **Insured**, except by any **Employee** who is in collusion with such **Employee**:
- (A) of a **Crime**, fraudulent or dishonest act committed by an **Employee** during the term of employment with an **Insured**;
- (B) of any fraudulent or dishonest act involving **Money, Securities**, or other property valued at \$25,000 or more committed prior to the employment with an **Insured**.

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### **Changes in Exposure**

9. If an **Insured**:
- (A) consolidates or merges with;
- (B) acquires majority voting rights in; or
- (C) acquires the assets of
- another entity, which results in an increase of the **Insured's** total revenues by more than 25%, coverage is provided to such entity if an **Insured**:
- (i) gives the Company written notice within ninety (90) days from the date of such consolidation, merger, or acquisition; and
- (ii) pays the Company an additional premium computed pro rata from such date to the end of the current **Policy Period**.

Coverage hereunder shall be afforded for loss which is sustained on or after the effective date of the transaction.

## EXECUTIVE PROTECTION POLICY

**Changes in  
Exposure  
(Continued)**

9. If a **Subsidiary** ceases to be a **Subsidiary** during the **Policy Period**, coverage will continue to be provided but only for losses sustained prior to the date such **Subsidiary** ceased to be a **Subsidiary**.

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**Limits of Liability**

10. The Company's maximum liability for each loss shall not exceed the Limits of Liability set forth in the Declarations, regardless of the number of **Insureds** sustaining the loss.

A loss resulting from a single act or any number of acts in which the same **Employee** or **Third Party** is concerned or implicated, whether such act or acts occurred before or during the **Policy Period**, will be treated as a single loss.

Any payments made under Insuring Clause 4 shall be part of and not in addition to the maximum Limit of Liability set forth in the Declarations.

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**Non-Accumulation  
of Liability**

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

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 a loss shall not be cumulative from year to year or from **Policy Period** to **Policy Period**.

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**Liability for Prior  
Losses**

12. The Company shall pay for any loss occurring prior to the inception date of this coverage, the effective date of coverage for any additional **Insureds** or the effective date of any coverage added by endorsement, if:

- (A) an **Insured** carried a prior bond or policy which afforded it coverage for the loss;
- (B) such coverage continued without interruption from the time of such loss until the inception date of this coverage;
- (C) such loss was **Discovered** by an **Insured** after the time allowed for **Discovery** under the last such policy; and
- (D) some or all of the coverage of an Insuring Clause under this coverage section is applicable to the loss.

The Company's liability shall not exceed the limit of liability under the policy in force at the time of the loss or the applicable Limit of Liability in the Declarations, whichever is less.

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**Other Insurance**

13. This coverage shall be specifically excess of any other insurance, bond or indemnity that applies to loss also covered hereunder.

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**Deductible**

14. The Company shall pay loss that exceeds the amount of recoveries made prior to such payment, less the Deductible set forth in the Declarations.

If an **Insured** receives payment under another policy or bond, after applying a deductible, for loss also covered hereunder, then the Deductible set forth in the Declarations shall be reduced by the deductible previously applied to such loss.

## EXECUTIVE PROTECTION POLICY

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**Recoveries**

15. Recoveries, whether effected by the Company or by an **Insured**, less the cost of recovery, shall be distributed as follows:
- (A) first, to an **Insured** for the amount of loss, otherwise covered, but in excess of the Limits of Liability;
  - (B) second, to the Company for the amount paid to an **Insured** for covered loss;
  - (C) third, to an **Insured** for the Deductible; and
  - (D) fourth, to an **Insured** for loss specifically excluded hereunder.

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

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**Valuation and Foreign Currency**

16. The Company shall pay:
- (A) the least of:
    - (i) the closing price of **Securities** on the business day immediately preceding the day on which a loss is **Discovered**;
    - (ii) the cost of replacing **Securities**; or
    - (iii) the cost to post a Lost Instrument Bond. Such cost shall be paid by the Company on behalf of an **Insured**.
  - (B) the cost of blank materials, such as blank books, pages or tapes;
  - (C) the least of:
    - (i) the price paid by an **Insured** for the **Property**;
    - (ii) cash value of **Property** at the time the loss was **Discovered**; or
    - (iii) the cost to repair or replace **Property** with that of similar quality and value at the time an **Insured** complies with the Notice, Proof of Loss and Legal Proceedings provision regarding the furnishing of proof of loss;
  - (D) the Canadian dollar value of foreign currency based on the rate of exchange published in *The Globe and Mail* on the day loss involving foreign currency is **Discovered**.
  - (E) the United States dollar value of any foreign currency based on the rate of exchange published in *The Globe and Mail* on the day loss involving foreign currency is **Discovered** if the Limits of Liability, Item 2 of the Declarations for this coverage section are clearly expressed in United States (U.S.) currency.

In the event of any conflict between this provision and the General Terms and conditions, this provision shall control.



## EXECUTIVE PROTECTION POLICY

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<b>First Named Insured Rights and Obligations</b>	17. The first named <b>Insured</b> identified in the Declarations is considered the sole agent of all <b>Insureds</b> . Only the first named <b>Insured</b> identified in the Declarations can: <ul style="list-style-type: none"><li>(i) file notice or proof of loss in accordance with the Notice, Proof of Loss and Legal Proceedings provision;</li><li>(ii) make a claim, adjust the amount of a loss submitted, receive or enforce payment of a loss; or</li><li>(iii) accept amendments to or termination of this coverage.</li></ul>
<b>Notice, Proof of Loss and Legal Proceedings</b>	18. It is a condition precedent to coverage hereunder that, upon <b>Discovery</b> of loss or an occurrence, which may become covered loss, the first named <b>Insured</b> shall comply with (A) and (B) below. <p>The first named <b>Insured</b>:</p> <ul style="list-style-type: none"><li>(A) shall give written notice to the Company after such <b>Discovery</b> at the earliest practicable moment, and in any event within the earliest of:<ul style="list-style-type: none"><li>(i) ninety (90) days; or</li><li>(ii) sixty (60) days following termination of this coverage.</li></ul></li><li>(B) shall furnish a proof of loss with full particulars to the Company within 6 months of <b>Discovery</b>, including:<ul style="list-style-type: none"><li>(i) submission to examination under oath at the Company's request;</li><li>(ii) production of all pertinent records at such reasonable times and places as the Company shall designate; and</li><li>(iii) full cooperation with the Company in all matters pertaining to a loss or claim.</li></ul></li><li>(C) may offer a comparison between an <b>Insured's</b> inventory records and actual physical count of its inventory to prove the amount of loss, only where an <b>Insured</b> establishes wholly apart from such comparison that it has sustained a covered loss, caused by an identified <b>Employee</b>.</li><li>(D) shall not institute legal proceedings against the Company after two (2) years immediately following such <b>Discovery</b>.</li><li>(E) shall not institute legal proceedings against the Company to recover a judgment against it or its bank resulting from <b>Forgery</b> or related expenses defined in <b>Expenses</b>, (B)(ii), after two (2) years immediately following the date upon which such judgment shall become final.</li></ul>
<b>Alternative Dispute Resolution</b>	19. The first named <b>Insured</b> and the Company shall endeavor to resolve any dispute, controversy or claim hereunder by non-binding mediation pursuant to such rules and procedures, and using such mediator, as they may agree.

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