

COVERAGE SECTION 3. FIDELITY COVERAGE



I. EMPLOYEE DISHONESTY COVERAGE - BLANKET

A. INSURING CLAUSE

The Insurer will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. Covered Property: **Money, Securities, and Property Other Than Money and Securities.**
2. Covered Cause of Loss: **Employee Dishonesty.**

B. LIMIT OF LIABILITY

The most the Insurer will pay for loss in any one **Occurrence** is the applicable Limit of Liability shown in Item 3. of the Declarations.

C. RETENTION AMOUNT

1. The Insurer will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Retention Amount shown in Item 5. of the Declarations. The Insurer will then pay the amount of loss in excess of the Retention Amount, up to the Limit of Liability.
2. The **Insured** must:
 - a. give the Insurer notice as soon as possible of any loss of the type insured under this Insuring Clause I. even though it falls entirely within the Retention Amount.
 - b. upon request, give the Insurer a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS:

In addition to the provisions in the Fidelity General Provisions, this Insuring Clause is subject to the following:

1. Additional Exclusions: The Insurer will not pay for loss as specified below:
 - a. Employee Canceled Under Prior Insurance: loss caused by any **Employee** of the **Insureds**, or predecessor in interest of the **Insureds**, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.
 - b. Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (1) an inventory computation; or
 - (2) a profit and loss computation.

2. Additional Condition

Cancellation As To Any **Employee**: This insurance is canceled as to any **Employee**:

- a. immediately upon discovery by:
 - (1) the **Insured**; or
 - (2) any of the **Insured's** partners, officers or directors not in collusion with the **Employee**;
of any dishonest act committed by that **Employee** whether before or after becoming employed by the **Insured**.
- b. on the date specified in a notice mailed to the **Insured**. That date will be at least thirty (30) days after the date of mailing.

The mailing of notice to the **Insured** at the last mailing address known to the Insurer will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions

- a. **Employee Dishonesty** in paragraph A.2. means only dishonest acts committed by an **Employee**, whether identified or not, acting alone or in collusion with other persons, except the **Insured** or a partner, with the manifest intent to:
 - (1) cause the **Insured** to sustain loss; and also
 - (2) obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
 - (a) the **Employee**; or
 - (b) any person or organization intended by the **Employee** to receive that benefit.
- b. **Occurrence** means all loss caused by, or involving, one or more **Employees**, whether the result of a single act or series of acts.

II. FORGERY OR ALTERATION COVERAGE

A. INSURING CLAUSE

The Insurer will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. Covered Instruments: Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in **Money** that are:
 - a. made or drawn by or drawn upon the **Insured**;
 - b. made or drawn by one acting as the **Insured's** agent; or that are purported to have been so made or drawn.
2. Covered Causes Of Loss: **Forgery** or alteration of, on or in any Covered Instrument.
3. Coverage Extension

Legal Expenses: If the **Insured** is sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and the **Insured** has the Insurer's prior written consent to defend against the suit, the Insurer will pay for any reasonable and necessary legal expenses that the **Insured** incurs and pays in that defense. Such legal expenses shall be part of and not in addition to the Limit of Liability stated in Item 3. of the Declarations.

B. RETENTION AMOUNT

The Insurer will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Retention Amount shown in the Declarations. The Insurer will then pay the amount of loss in excess of the Retention Amount, up to the Limit of Liability.

C. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the FIDELITY GENERAL PROVISIONS subsection, this Insuring Clause is also subject to the following:

1. Additional Exclusion

Acts of **Employees**, Directors, or Trustees: The Insurer will not pay for loss resulting from any dishonest or criminal act committed by any of the **Insured's Employees**, directors, or trustees:

- a. whether acting alone or in collusion with other persons; or
- b. whether while performing services for the **Insured** or otherwise.

2. Additional Conditions

- a. Facsimile Signatures: The Insurer will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. General Amendment: As respects this Coverage Section, the words Covered Property in the FIDELITY GENERAL PROVISIONS subsection mean Covered Instruments.
- c. Proof of Loss: The **Insured** must include with the **Insured's** 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.

3. Additional Definition

Occurrence means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

III. **THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE**

A. INSURING CLAUSE

The Insurer will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. - Inside **Premises**

a. Covered Property: **Money** and **Securities** inside the **Premises** or a **Banking Premises**.

b. Covered Causes of Loss

(1) **Theft**

(2) Disappearance

(3) Destruction

c. Coverage Extensions

(1) Containers of Covered Property: The Insurer will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the **Premises** resulting directly from an actual or attempted

(a) **Theft** of; or

(b) Unlawful entry into those containers.

(2) **Premises Damages**: The Insurer will pay for loss from damage to the **Premises** or its exterior resulting directly from an actual or attempted **Theft** of Covered Property if the **Insured** is the owner of the **Premises** or is liable for damage to it.

2. Section 2. - Outside the **Premises**

a. Covered Property: **Money** and **Securities** outside the **Premises** in the care and custody of a **Messenger**.

b. Covered Causes of Loss

(1) **Theft**

(2) Disappearance

(3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: The Insurer will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the **Premises** in the care and custody of an armored motor vehicle company.

But, the Insurer will pay only for the amount of loss that the **Insured** cannot recover:

(1) under the **Insured's** contract with the armored motor vehicle company; and

(2) from any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. RETENTION AMOUNT

The Insurer will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Retention Amount shown in Item 5. of the Declarations. The Insurer will pay the amount of loss in excess of the Retention Amount, up to the Limit of Liability. In the event more than one Retention Amount could apply to the loss, only the highest Retention Amount may be applied.

C. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS

In addition to the provisions in the Fidelity General Provisions, this Insuring Clause is subject to the following:

1. Additional Exclusions: The Insurer will not pay for loss as specified below:

- a. Accounting or Arithmetical Errors or Omissions: Loss resulting from accounting or arithmetical errors or omissions.
- b. Acts of **Employees**, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of the **Insured's Employees**, directors, trustees or authorized representatives:
 - (1) acting alone or in collusion with other persons; or
 - (2) while performing services for the **Insured** or otherwise.
- c. Exchanges or Purchases: Loss resulting from the giving or surrendering of property in any exchange or purchase.
- d. Fire: Loss from damage to the **Premises** resulting from fire, however caused.
- e. Money Operated Devices: Loss of property contained in any money operated device unless a continuous recording instrument in the device records the amount of **Money** deposited in it.
- f. Transfer or Surrender of Property

Loss of property after it has been transferred or surrendered to a person or place outside the **Premises** or **Banking Premises**:

- (1) On the basis of unauthorized instructions; or
- (2) As a result of a threat to do:
 - (a) bodily harm to any person; or
 - (b) damage to any property.

But, this exclusion does not apply under Insuring Clause III. Section 2. to loss of Covered Property while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** if the **Insured**:

- (1) had no knowledge of any threat at the time the conveyance began; or
- (2) had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

- g. Vandalism: Loss from damage to the **Premises** or its exterior or to containers of Covered Property by vandalism or malicious mischief.
- h. Voluntary Parting of Title to or Possession of Property: Loss resulting from the **Insured's**, or anyone acting on the **Insured's** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

2. Additional Condition

Duties in the Event of Loss: If the **Insured** has reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, the **Insured** must notify the police.

3. Additional Definitions

- a. **Banking Premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. **Messenger** means the **Insured**, any of the **Insured's** partners or any **Employee** while having care and custody of the property outside the **Premises**.
- c. **Occurrence** means an:
 - (1) act or series of related acts involving one or more persons; or
 - (2) act or event, or a series of related acts or events not involving any person.
- d. **Premises** means the interior of that portion of any building the **Insured** occupies in conducting the **Insured's** business.
- e. **Theft** means any act of stealing.

IV. ROBBERY AND SAFE BURGLARY COVERAGE - **PROPERTY OTHER THAN MONEY AND SECURITIES**

A. INSURING CLAUSE

The Insurer will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1.-Inside The **Premises**

a. Robbery of A Custodian

- (1) Covered Property: **Property Other Than Money and Securities** inside the **Premises** in the care and custody of a **Custodian**.
- (2) Property Not Covered: Motor vehicles, trailers, or semi-trailers or equipment and accessories attached to them.
- (3) Covered Cause of Loss: Actual or attempted **Robbery**.
- (4) Coverage Extension

Premises Damage: The Insurer will pay for loss from damage to the **Premises** or its exterior resulting directly from the Covered Cause of Loss, if the **Insured** is the owner of the **Premises** or is liable for damage to it.

b. Safe Burglary

- (1) Covered Property: **Property Other Than Money and Securities** inside the **Premises** in a safe or vault.
- (2) Covered Cause of Loss: Actual or attempted **Safe Burglary**.
- (3) Coverage Extension

Premises, Safe and Vault Damage: The Insurer will pay for loss from damage to:

- (a) the **Premises** or its exterior; or
- (b) a locked safe or vault located inside the **Premises**;

resulting directly from the Covered Cause of Loss, if the **Insured** is the owner of the property or is liable for damage to it.

2. Section 2. - Outside The Premises

- a. Covered Property: **Property Other Than Money and Securities** outside the **Premises** in the care and custody of a **Messenger**.
- b. Property Not Covered: Motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.
- c. Covered Cause of Loss: Actual or attempted **Robbery**.
- d. Coverage Extension

Conveyance Of Property By Armored Motor Vehicle Company: The Insurer will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss while outside the **Premises** in the care and custody of an armored motor vehicle company.

But, the Insurer will pay only for the amount of loss the **Insured** cannot recover:

- (1) under the **Insured's** contract with the armored motor vehicle company; and
- (2) from any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. RETENTION AMOUNT

The Insurer will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Retention Amount shown in Item 5. of the Declarations. The Insurer will then pay the amount of loss in excess of the Retention Amount up to the Limit of Liability.

In the event more than one Retention Amount could apply to the loss, only the highest Retention Amount may be applied.

C. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS:

In addition to the provisions in the Fidelity General Provisions, this Insuring Clause is subject to the following:

1. Additional Exclusions: The Insurer will not pay for loss as specified below:

- a. Acts of **Employees**, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of the **Insured's Employees**, directors, trustees or authorized representatives:
 - (1) acting alone or in collusion with other persons; or
 - (2) while performing services for the **Insured** or otherwise.
- b. Fire: Loss resulting from fire, however caused, except loss from damage to a safe or vault.
- c. Transfer or Surrender of Property
 - (1) Loss of, or loss from damage to, property after it has been transferred or surrendered to a person or place outside the **Premises**:
 - (a) on the basis of unauthorized instructions; or
 - (b) as a result of a threat to do:
 - i. Bodily harm to any person; or
 - ii. Damage to any property.
 - (2) But, this exclusion does not apply under Insuring Clause A. 2) to loss of Covered Property while outside the **Premises** in the care and custody of a **Messenger** if the **Insured**:
 - (a) had no knowledge of any threat at the time the conveyance began; or
 - (b) had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- d. Vandalism: Loss from damage to any property by vandalism or malicious mischief.

2. Additional Conditions

- a. Duties in the Event of Loss: If the **Insured** has reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, the **Insured** must notify the police.
- b. Special Limit of Liability for Specified Property: The Insurer will only pay up to \$5,000 for any one **Occurrence** of loss of, and loss from damage to:
 - (1) precious metals, precious or semiprecious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
 - (2) manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

3. Additional Definitions

- a. **Custodian** means the **Insured**, any of the **Insured's** partners or any **Employee** while having care and custody of the property inside the **Premises**, excluding any person while acting as a **Watchperson** or janitor.
- b. **Messenger** means the **Insured**, any of the **Insured's** partners or any **Employee** while having care and custody of the property outside the **Premises**.
- c. **Occurrence** means an:
 - (1) act or series of related acts involving one or more persons; or
 - (2) act or event, or a series of related acts or events not involving any person.
- d. **Premises** means the interior of that portion of any building the **Insured** occupies in conducting the **Insured's** business.
- e. **Robbery** means the taking of property from the care and custody of a person by one who has:
 - (1) caused or threatened to cause that person bodily harm; or
 - (2) committed an obviously unlawful act witnessed by that person.

- f. **Safe Burglary** means the taking of:
 - (1) 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
 - (2) a safe or vault from inside the **Premises**.
- g. **Watchperson** means any person the **Insured** retained specifically to have care and custody of property inside the **Premises** and who has no other duties.

V. COMPUTER FRAUD COVERAGE

A. INSURING CLAUSE

The Insurer will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

- 1. Covered Property: **Money, Securities and Property Other Than Money and Securities**.
- 2. Covered Cause of Loss: **Computer Fraud**.

B. RETENTION AMOUNT

The Insurer will not pay for loss in any one **Occurrence** unless the amount of loss exceeds the Retention Amount in Item 5. of the Declarations. The Insurer will then pay the amount of loss in excess of the Retention Amount, up to the Limit of Liability. In the event more than one Retention Amount could apply to the loss, only the highest Retention Amount may be applied.

C. ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS:

In addition to the provisions in the Fidelity General Provisions, this Insuring Clause is subject to the following:

- 1. Additional Exclusions: The Insurer will not pay for loss as specified below:
 - a. Acts of **Employees, Directors, Trustees or Representatives**: Loss resulting from any dishonest or criminal act committed by any of the **Insured's Employees, directors, trustees or authorized representatives**:
 - (1) acting alone or in collusion with other persons; or
 - (2) while performing services for the **Insured** or otherwise.
 - b. Inventory Shortages: Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (1) an inventory computation; or
 - (2) a profit and loss computation.
- 2. Additional Conditions
 - a. Duties in the Event of Loss: If the **Insured** has reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, the **Insured** must notify the police.
 - b. Special Limit of Liability for Specified Property: The Insurer will only pay up to \$5,000 for any one **Occurrence** of loss of, and loss from damage to, manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.
- 3. Additional Definitions
 - a. **Banking Premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
 - b. **Computer Fraud** means **Theft** of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the **Premises** or **Banking Premises** to a person (other than a **Messenger**) outside those **Premises** or to a place outside those **Premises**.
 - c. **Messenger** means the **Insured**, any of the **Insured's** partners or any **Employee** while having care and custody of the property outside the **Premises**.

- d. **Occurrence** means an:
 - (1) act or series of related acts involving one or more persons; or
 - (2) act or event, or a series of related acts or events not involving any person.
- e. **Premises** means the interior of that portion of any building the **Insured** occupies in conducting the **Insured's** business.
- f. **Theft** means any act of stealing.

VI. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY COVERAGE

A. INSURING CLAUSE

The Insurer will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

- 1. Covered Instruments: United States or Canadian paper currency and post office or express money orders.
- 2. Covered Causes of Loss:
 - a. acceptance, in good faith, in exchange for merchandise, **Money** or services, of any post office or express money order issued or purported to have been issued by any post office or express company, if such money order is not paid upon presentation.
 - b. acceptance in good faith, in the regular course of business, of counterfeit United States or Canadian paper currency.

B. RETENTION AMOUNT

The Insurer will not pay for loss in any one **Occurrence** unless the amount of the loss exceeds the Retention Amount shown in Item 5. of the Declarations. The Insurer will then pay the amount of loss in excess of the Retention Amount, up to the Limit of Liability. In the event more than one Retention Amount could apply to the loss, only the highest Retention Amount may be applied.

C. ADDITIONAL EXCLUSION AND DEFINITION

- 1. Additional Exclusion: The Insurer will not pay for loss as specified below:
 - acts of **Employees**, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of the **Insured's Employees**, directors, trustees or authorized representatives.
- 2. Additional Definition
 - Occurrence** means all loss whether:
 - a. caused by one or more persons; or
 - b. involving a single act or series of related acts.

FIDELITY GENERAL PROVISIONS APPLICABLE TO COVERAGE SECTION

Various provisions in this Coverage Section restrict coverage. Read the entire Section carefully to determine rights, duties and what is or is not covered.

Words and phrases in bold are defined.

Unless stated otherwise in any Fidelity Insuring Clause, the following General Exclusions, General Conditions and General Definitions apply to all Fidelity Insuring Clauses forming part of this Coverage Section.

A. GENERAL EXCLUSIONS APPLICABLE TO ALL FIDELITY COVERAGES

The Insurer will not pay for loss as specified below:

- 1. Acts Committed by The **Insured** or The **Insured's** Partners: Loss resulting from any dishonest or criminal act committed by the **Insured** or any of the **Insured's** partners whether acting alone or in collusion with other persons.
- 2. Governmental Action: Loss resulting from seizure or destruction of property by order of governmental authority.
- 3. Indirect Loss: Loss that is an indirect result of any act or **Occurrence** covered by this insurance including, but not limited to, loss resulting from:
 - a. the **Insured's** inability to realize income that the **Insured** would have realized had there been no loss of, or loss from damage to, Covered Property.

- b. payment of damages of any type for which the **Insured** is legally liable. But, the Insurer will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. payment of costs, fees or other expenses the **Insured** incurs in establishing either the existence or the amount of loss under this insurance.
4. Legal Expenses: Expenses related to any legal action.
 5. War and Similar Actions: Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. GENERAL CONDITIONS

1. Discovery Period for Loss: The Insurer will pay only for covered loss discovered no later than one year from the end of the **Policy Period**.
2. Joint Insured
 - a. If any **Insured** or partner or officer of that **Insured** has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every **Insured**.
 - b. An **Employee** of any **Insured** is considered to be an **Employee** of every **Insured**.
 - c. If this insurance or any of its coverages is canceled or terminated as to any **Insured**, loss sustained by that **Insured** is covered only if discovered no later than one year from the date of that cancellation or termination.
 - d. The Insurer will not pay more for loss sustained by more than one **Insured** than the amount the Insurer would pay if all the loss had been sustained by one **Insured**.
3. Legal Action Against The Insurer: The **Insured** may not bring any legal action against the Insurer involving loss:
 - a. unless the **Insured** has complied with all the terms of this insurance; and
 - b. until ninety (90) days after the **Insured** has filed proof of loss with the Insurer; and
 - c. unless brought within two (2) years from the date the **Insured** discovered the loss.
4. Loss Covered Under More Than One Insuring Clause of This Coverage Section: If two or more Insuring Clauses of this coverage section apply to the same loss, the Insurer will pay the lesser of:
 - a. the actual amount of loss; or
 - b. the Limit of Liability stated in Item 3. of the Declarations.
5. Loss Sustained During Prior Insurance
 - a. If the **Insured**, or any predecessor in interest, sustained loss during the period of any prior insurance that the **Insured** or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, the Insurer will pay for it under this coverage section, provided:
 - (1) this coverage section became effective at the time of cancellation or termination of the prior insurance; and
 - (2) this coverage section would have covered the loss had it been in effect when the acts or events causing the loss were committed or occurred.
 - b. The coverage provided under this Condition is part of, not in addition to, the Limit of Liability applying to this policy and is limited to the lesser of the amount recoverable under:
 - (1) this policy as of its effective date; or
 - (2) the prior insurance had it remained in effect.
6. Loss Covered Under This Coverage Section and Prior Insurance Issued by The Insurer or Any Affiliate: If any loss is covered:
 - a. partly by this coverage section; and
 - b. partly by any prior canceled or terminated insurance that the Insurer or any affiliate had issued to the **Insured** or any predecessor in interest;the most the Insurer will pay is the larger of the amount recoverable under this policy or the prior insurance.

7. Ownership of Property; Interests Covered: The property covered under this coverage section is limited to property:

- a. that the **Insured** owns or holds; or
- b. for which the **Insured** is legally liable.

However, the coverage provided in this coverage section is for the **Insured's** benefit only. It provides no rights or benefits to any other person or organization.

8. Other Insurance: Subject to the Loss Sustained During Prior Insurance condition, the Insurer will pay only for loss that the **Insured** sustained through acts committed or events occurring during the **Policy Period**.

9. Records: The **Insured** must keep records of all Covered Property so the Insurer can verify the amount of any loss.

10. Recoveries

a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this coverage section will be distributed as follows:

- (1) to the **Insured**, until the **Insured** is reimbursed for any loss that the **Insured** sustains that exceeds the Limit of Liability and the Retention Amount, if any;
- (2) then to the Insurer, until the Insurer is reimbursed for the settlement made;
- (3) then to the **Insured**, until the **Insured** is reimbursed for that part of the loss equal to the Retention Amount, if any.

b. Recoveries do not include any recovery:

- (1) from insurance, suretyship, reinsurance, security or indemnity taken for the Insurer's benefit; or
- (2) of original **Securities** after duplicates of them have been issued.

11. Valuation-Settlement

a. Subject to applicable Limit of Liability the Insurer will pay for:

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

- (a) at face value in the **Money** issued by that country; or
- (b) in the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of **Securities** but only up to and including their value at the close of business on the day the loss was discovered. The Insurer may, at its option:

- (a) pay the value of such **Securities** or replace them in kind, in which event the **Insured** must assign to the Insurer all the **Insured's** rights, title and interest in and to those **Securities**;
- (b) pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the **Securities**. However, the Insurer 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:

- i. value of the **Securities** at the close of business on the day the loss was discovered; or
- ii. Limit of Liability.

(3) Loss of, or loss from damage to, **Property Other Than Money and Securities** or loss from damage to the **Premises** for not more than the:

- (a) actual cash value of the property on the day the loss was discovered;
- (b) cost of repairing the property or **Premises**; or
- (c) cost of replacing the property with property of like kind and quality.

The Insurer may, at its option, pay the actual cash value of the property or repair or replace it. If the Insurer cannot agree with the **Insured** upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. Any property that the Insurer pays for or replaces becomes the property of the Insurer.

C. FIDELITY GENERAL DEFINITIONS

1. **Employee** means:

- a. any natural person:
 - (1) while in the **Insured's** service (and for 30 (thirty) days after termination of service); and
 - (2) whom the **Insured** compensates directly by salary, wages or commissions; and
 - (3) whom the **Insured** has the right to direct and control while performing services for the **Insured**; or
- b. any natural person employed by an employment contractor while that person is subject to the **Insured's** direction and control and performing services for the **Insured** excluding, however, any such person while having care and custody of property outside the **Premises**.

But **Employee** does not mean any:

- (1) agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) director or trustee except while performing acts coming within the scope of the usual duties of any **Employee**.

2. **Insured** means the **Named Insured** indicated in Item 1. of the Declarations and any **Subsidiaries**.

3. **Money** means:

- a. currency, coins and bank notes in current use and having a face value; and
- b. travelers' checks, register checks and money orders held for sale to the public.

4. **Property Other Than Money and Securities** means any tangible property other than **Money** and **Securities** that has intrinsic value but does not include any property listed in any Fidelity Insuring Clause in this Coverage Section as Property Not Covered.

5. **Securities** means negotiable and non-negotiable instruments or contracts representing either **Money** or other property and includes:

- a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by the **Insured**; but does not include **Money**.