

CRIME COVERAGE SECTION

In consideration of payment of the premium and subject to the Declarations Page, the General Terms and Conditions, and the terms, conditions and limitations of this Coverage Section, the Underwriter and the **Insureds** agree as follows:

I. INSURING AGREEMENTS

(A) EMPLOYEE THEFT COVERAGE

The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Money, Securities or Other Property** sustained by the **Insured** resulting from **Theft or Forgery** committed by an **Employee**, whether identified or not, acting alone or in collusion with others.

(B) CLIENT PROPERTY COVERAGE

The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Money, Securities or Other Property** sustained by a **Client** resulting from **Theft or Forgery** committed by an **Employee**, whether identified or not, not acting in collusion with such **Client's** employees.

(C) FORGERY OR ALTERATION COVERAGE

(1) Financial Instrument Coverage:

The Underwriter will pay the **Named Organization** for direct loss sustained by the **Insured** resulting from **Forgery** or alteration of a **Financial Instrument** committed by a **Third Party**.

(2) Credit, Debit or Charge Cards Coverage:

The Underwriter will pay the **Named Organization** for direct loss sustained by the **Insured** resulting from **Credit Card Fraud** committed by a **Third Party**.

If the **Organization** is sued for refusing to pay any **Financial Instrument** covered by this Insuring Agreement (C), Forgery or Alteration Coverage, on the basis that it has been forged or altered, and the **Organization** has obtained the Underwriter's prior written consent to defend against such suit, the Underwriter will reimburse the **Named Organization** for any reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses that the **Organization** incurs in defending such suit, but the Underwriter shall have no duty to defend such suit.

Defense expenses paid on behalf of the **Organization** in connection with such suit:

(a) shall be in addition to, and not part of the applicable Limit of Liability stated in the Declarations Page with respect to Insuring Agreement (C), Forgery or Alteration Coverage; and

(b) shall not be subject to the Deductible stated in the Declarations Page with respect to Insuring Agreement (C), Forgery or Alteration Coverage;

(D) PREMISES COVERAGE

(1) The Underwriter will pay the **Named Organization** for direct loss of **Money** or **Securities** sustained by the **Insured** resulting from **Theft** committed by a person within the **Premises** or **Financial Institution Premises**, including the actual destruction or disappearance of **Money** or **Securities** within or from the **Premises** or **Financial Institution Premises**.

(2) The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Other Property** within the **Premises** or **Financial Institution Premises** sustained by the **Insured** (a) resulting from an actual or attempted **Robbery**, or (b) stored in a safe or vault resulting from an actual or attempted **Safe Burglary**.

Coverage under this Insuring Agreement (D), Premises Coverage, also includes:

- (i) loss constituting damage to the **Premises** or its exterior resulting directly from an actual or attempted **Theft, Robbery or Safe Burglary** within the **Premises**; and
- (ii) loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located within the **Premises** resulting directly from an actual or attempted **Theft, Robbery or Safe Burglary**.

(E) IN TRANSIT COVERAGE

(1) The Underwriter will pay the **Named Organization** for direct loss of **Money** or **Securities** sustained by the **Insured** resulting from **Theft**, disappearance, damage or destruction while outside the **Premises** and in the custody and care of a **Messenger**, including while temporarily within the living quarters of a **Messenger**.

(2) The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Other Property**, sustained by the **Insured** while such **Other Property** is outside the **Premises** and in the custody and care of a **Messenger** resulting from an actual or attempted **Robbery**.

(3) The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Other Property** sustained by the **Insured** resulting from an actual or attempted **Theft** of such **Other Property** while it is temporarily within the living quarters of a **Messenger**.

(F) COMPUTER FRAUD COVERAGE

The Underwriter will pay the **Named Organization** for direct loss of, or direct loss from damage to, **Money, Securities or Other Property** sustained by the **Insured** resulting from **Computer Fraud**.

(G) FUNDS TRANSFER FRAUD COVERAGE

The Underwriter will pay the **Named Organization** for direct loss of **Money** or **Securities** held in a **Transfer Account** sustained by the **Insured** resulting from a **Fraudulent Instruction** directing a financial institution to transfer, pay or deliver such **Money** or **Securities** from a **Transfer Account**.

(H) MONEY ORDERS AND COUNTERFEIT CURRENCY COVERAGE

The Underwriter will pay the **Named Organization** for direct loss sustained by the **Insured** resulting from the **Insured** having accepted in good faith:

- (1) money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) counterfeit paper currency that is acquired in the regular course of business;

in exchange for merchandise, **Money** or services.

(I) SOCIAL ENGINEERING FRAUD COVERAGE

The Underwriter will pay the **Named Organization** for direct loss sustained by the **Organization** resulting from an **Organization** having transferred, paid or delivered any **Money, Securities or Other Property** as the direct result of **Social Engineering Fraud** committed by a person purporting to be a **Vendor**, a **Client** or an **Employee** who was authorized by the **Organization** to instruct other **Employees** to transfer **Money, Securities or Other Property**.

(J) **PERSONAL ACCOUNTS PROTECTION COVERAGE**

(1) Personal Accounts Forgery or Alteration Coverage

The Underwriter will pay the **Named Organization**, on behalf of an **Executive**, for direct loss incurred by such **Executive** resulting from **Forgery** or alteration of any cheque, draft, promissory note or similar written promise, order or direction to pay a sum certain in **Money** that is made or drawn upon the personal account of such **Executive**, or purportedly made or drawn upon the personal account of such **Executive**.

For the purposes of this Insuring Agreement (J)(1), Personal Accounts Protection Coverage, the term "cheque" also means:

- (a) an official image of an eligible bill that is a cheque pursuant to the *Bills of Exchange Act*, R.S.C. 1985, c B-4, as amended, and in accordance with the bylaws, rules or standards under the *Canadian Payments Act*, R.S.C. 1985, c C-21, as amended;
- (b) a substitute cheque as defined in the United States of America *Check Clearing for the 21st Century Act*; and
- (c) any similar instrument defined under any federal, provincial, territorial, state or local legislation that is equivalent to the Acts set forth in paragraph (a) or (b) of this Insuring Agreement (J)(1), Personal Accounts Protection Coverage.

(2) Identity Fraud Expense Reimbursement Coverage

The Underwriter will reimburse the **Named Organization**, on behalf of an **Executive**, for **Identity Fraud Expenses** incurred by such **Executive** as a direct result of an **Identity Fraud**.

(K) **TELEPHONE FRAUD COVERAGE**

The Underwriter will pay the **Named Organization** for any charges for long-distance toll calls the **Organization** is legally obligated to pay to a long distance carrier, resulting directly from the intentional, unauthorized, and fraudulent access to outgoing long distance telephone services, by the manipulation or use of passwords or access codes designed to identify and authenticate users of, or control access to, a **Voice Computer System**; provided, that such long-distance toll call charges will not be covered under this Coverage Section as a result of the **Organization's** failure to:

- (1) incorporate a system password or access feature or change the system password or access feature at least once every thirty (30) days; or
- (2) activate and continue the operation of a call-disconnect feature that automatically terminates a caller's access to the **Voice Computer System** after three (3) unsuccessful attempts to input the password or access feature.

(L) **EXPENSE COST COVERAGE**

The Underwriter will pay the **Named Organization** for:

- (1) **Investigative Expenses** incurred by the **Insured**, with the Underwriter's prior written consent, to determine the existence or amount of loss covered under any other applicable Insuring Agreement of this Coverage Section; and
- (2) **Computer Data Restoration Expenses** incurred by the **Insured**, with the Underwriter's prior written consent, and resulting directly from a loss covered under Insuring Agreement (A), Employee Theft Coverage, Insuring Agreement (B), Client Property Coverage, or Insuring Agreement (F), Computer Fraud Coverage, of this Coverage Section

provided, that:

- (a) any coverage for such **Investigative Expenses** or **Computer Data Restoration Expenses** shall only apply to a covered loss that is in excess of the Deductible applicable to such covered loss; and
- (b) payment of such **Investigative Expenses** or **Computer Data Restoration Expenses** shall reduce the Limit of Liability applicable to such covered loss.

II. DEFINITIONS

- (A) "**Client**" means a customer of the **Organization** to whom such **Organization** provides goods or services pursuant to a written contract or for a fee.
- (B) "**Computer Data Restoration Expenses**" means reasonable expenses, other than the **Insured's** internal corporate costs, fees, wages or salaries, incurred by the **Insured**, to reproduce or duplicate damaged or destroyed data that was stored in a **Computer System** and was damaged or destroyed directly as a result of a loss covered under Insuring Agreement (A), Employee Theft Coverage, Insuring Agreement (B), Client Property Coverage or Insuring Agreement (F), Computer Fraud Coverage, of this Coverage Section. Such damaged or destroyed data shall be reproduced or duplicated from other data available to the **Insured**; however, if such damaged or destroyed data cannot be reproduced or duplicated from other data, then **Computer Data Restoration Expenses** means reasonable costs, other than the **Insured's** internal corporate costs, fees, wages or salaries, incurred by the **Insured** for computer programmers or technology consultants to restore such damaged or destroyed data to substantially the same level existing immediately before the covered loss.
Computer Data Restoration Expenses shall not include:
 - (1) any expenses incurred or paid to replace processing equipment or design, update or improve software or programs; or
 - (2) any expenses incurred by a **Client**.
- (C) "**Computer Fraud**" means the unlawful taking of **Money**, **Securities** or **Other Property** resulting from:
 - (1) the unauthorized entry of **Data** directly into a **Computer System**;
 - (2) the unauthorized change of **Data** within a **Computer System**; or
 - (3) the introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**, directed solely against the **Insured**, by a natural person or entity, other than an **Employee** or any individual under the direct supervision of the **Insured**.
- (D) "**Computer System**" means any computer or network of computers, including its input, output, processing, storage and communication facilities, operating system or application software, that is rented by, owned by, leased by, licensed to, or under the direct operational control of, the **Insured**;
- (E) "**Credit Card Fraud**" means the **Forgery** or alteration of, on or in any written instrument required in connection with any credit, debit, convenience, stored-value or charge card issued to the **Insured** or issued to an **Employee** or **Executive** at the request of the **Insured**.
- (F) "**Data**" means representations of information or concepts, in any form, stored in a **Computer System**.
- (G) "**Discovered**" or "**Discovery**" means the time when an **Executive** or **Insurance Representative**:
 - (1) first becomes aware of facts or circumstances which would cause a reasonable person to assume that a loss of a type covered by this Coverage Section has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of the loss may not be known; or
 - (2) first receives notice of an actual or potential claim in which it is alleged that the **Insured** is liable to a **Third Party** under circumstances which, if true, would constitute a loss under this Coverage Section.

"**Discovered**" or "**Discovery**" does not include knowledge acquired by an **Executive** or **Insurance Representative** acting alone or in collusion with an **Employee** committing a **Theft** or **Forgery**.
- (H) "**Employee**" means:
 - (1) any natural person:
 - (a) while in the **Insured's** service and for ninety (90) days after termination of service, unless such termination is due to **Theft** or any dishonest act committed by such natural person;

- (b) who the **Insured** compensates directly by salary, wages or commissions; and
- (c) who the **Insured** has the right to direct and control while performing services for the **Insured**;
- (2) any natural person who is a temporary or leased **employee** of the **Insured** while such natural person is subject to the **Insured's** direction and control and is performing services for the **Insured**;
- (3) any **Independent Contractor**;
- (4) any natural person who is a former **Executive** or **Employee** retained by the **Insured** as a consultant while performing services for the **Insured**;
- (5) any natural person who is a guest student of the **Insured** or intern pursuing studies or duties with the **Insured** while such natural person is subject to the **Insured's** direction and control and is performing services for the **Insured**;
- (6) any **Executive** while performing acts with the scope of the usual duties of an **Employee**;
- (7) any non-compensated **Executive**, other than one who is a fund solicitor, while performing services for the **Organization** that are within the scope of the usual duties of an **Employee**;
- (8) any natural person who is a fiduciary, trustee or administrator of a **Sponsored Plan**;
- (9) any natural person who is a volunteer for the **Insured**, while such natural person is subject to the **Insured's** direction and control and is performing services for the **Insured**; or
- (10) any **Employee** on military, disability, family medical, parental or similar leave.
- Employee** does not include any agent, broker, factor, commission merchant, consignee, independent contractor (other than an **Independent Contractor**) or representative of the same general character that is not specified in this DEFINITION (H).
- (I) "**Executive**" means any natural person:
- (1) duly elected or appointed director (including a *de facto* director), officer, trustee, trustee emeritus, executive director, member of an Advisory Board, duly constituted committee member, in-house general counsel or risk manager of any **Organization** incorporated in Canada or the United States of America;
- (2) duly elected or appointed manager, member of the Board of Managers member of an Advisory Board, in-house general counsel or risk manager of any **Organization** formed as a limited liability company in Canada or the United States of America; or
- (3) holder of a position equivalent to any position described in (1) or (2) above in any **Organization** that is incorporated or formed in any jurisdiction outside of Canada or the United States of America.
- (J) "**Financial Institution Premises**" means the interior portion of any building occupied by, or any depository (including any night depository chute) or safe maintained and controlled by, any bank, trust company or similar financial institution.
- (K) "**Financial Instrument**" means any cheque, draft, promissory note, or similar written promise, order or direction to pay a sum certain in **Money** that is made, drawn by or drawn upon the **Insured** or made or drawn by anyone acting as the **Insured's** agent, or that is purported to have been so made or drawn.
- As used in this definition, the term "cheque" also means:
- (1) an official image of an eligible bill that is a cheque pursuant to the *Bills of Exchange Act*, R.S.C. 1985, c B-4, as amended, and in accordance with the bylaws, rules or standards under the *Canadian Payments Act*, R.S.C. 1985, c C-21, as amended;
- (2) a substitute cheque as defined in the United States of America *Check Clearing for the 21st Century Act*; and
- (3) any similar instrument defined under any federal, provincial, territorial, state or local legislation that is equivalent to the Acts set forth in paragraph (1) or (2) of this DEFINITION (K).
- (L) "**Forgery**" means the signing of the name of another person or entity with intent to deceive. **Forgery** does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose. Facsimile, mechanical or electronically produced or reproduced signatures shall be treated the same as original signatures.
- (M) "**Fraudulent Instruction**" means:
- (1) an electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by the **Insured**, but which was, in fact, fraudulently transmitted by another party without the **Insured's** knowledge or consent; or
- (2) a written instruction issued by the **Insured**, which was forged or altered by another party without the **Insured's** knowledge or consent, or which purports to have been issued by the **Insured**, but which was, in fact, fraudulently issued without the **Insured's** knowledge or consent; provided, that this paragraph (2) does not include any **Forgery** covered under Insuring Agreement (C), Forgery or Alteration Coverage, of this Coverage Section.
- (N) "**Identity Fraud**" means the act of knowingly transferring or using, without lawful authority, a means of identification of an **Executive** with the intent to commit, aid or abet any unlawful activity that constitutes a criminal offence under the laws of the applicable jurisdiction.
- (O) "**Identity Fraud Expenses**" means:
- (1) costs for notarizing fraud affidavits or similar documents for credit agencies, financial institutions, merchants or other credit grantors that have required such affidavits be notarized;
- (2) costs for certified mail to law enforcement agencies, credit agencies, financial institutions, merchants or other credit grantors;
- (3) costs for long distance telephone calls to law enforcement agencies, credit agencies, financial institutions, merchants or other credit grantors to discuss any actual **Identity Fraud**;
- (4) lost wages, up to a maximum of one thousand dollars (\$1,000) per week, for a maximum period of five (5) weeks, as a result of absence from employment:
- (a) to communicate with law enforcement agencies, legal counsel, credit agencies, financial institutions, merchants or other credit grantors;
- (b) to complete fraud affidavits or similar documents; or
- (c) due to wrongful incarceration arising solely from another person having committed a crime in an **Executive's** name; provided, that lost wages shall not apply in the case of wrongful incarceration unless all charges are dismissed or there is an acquittal;
- (5) loan application fees for re-applying for any loan when the original application is rejected solely because the lender received incorrect credit information; and
- (6) reasonable attorney fees incurred, with the Underwriter's prior written consent, for:
- (a) the defense of any lawsuit brought against an **Executive** by any financial institution, merchant or other credit grantor or their collection agency;
- (b) the removal of any criminal or civil judgment wrongly entered against an **Executive**; or
- (c) challenging the accuracy or completeness of any information in a consumer credit report.
- (P) "**Independent Contractor**" means any natural person working under the direction and control of, and performing services for, the **Insured** in the capacity of an independent contractor pursuant to an **Independent Contractor Services Agreement** in the ordinary course of the **Insured's** business.
- (Q) "**Independent Contractor Services Agreement**" means any express contract or agreement between an **Independent Contractor** and the **Insured**.
- (R) "**Insurance Representative**" means an **Employee**, including a risk manager, designated to represent an **Insured** for the purpose of effecting and maintaining insurance.
- (S) "**Insured**" means the **Organization** and any **Sponsored Plan**.

- (T) **“Investigative Expenses”** means reasonable expenses incurred by the **Insured**. **Investigative Expenses** shall not include:
- (1) any expenses incurred by a **Client**; or
 - (2) any of the **Insured’s** internal corporate costs, fees, wages or salaries.
- (U) **“Messenger”** means:
- (1) any **Employee** or partner of the **Organization**, or any relative thereof; or
 - (2) any other person authorized by the **Insured** to have custody and care of the **Insured’s** property;
- while such person has custody and care of the **Insured’s** property outside the **Premises**. **Messenger** shall not include any postal service or carrier for hire other than an armored motor vehicle company.
- (V) **“Money”** means:
- (1) currency, coins, and bank notes;
 - (2) bullion; and
 - (3) travelers' cheques, registered cheques and money orders held for sale to the public.
- Money** shall not include **Virtual Currency**.
- (W) **“Other Property”** means tangible property other than **Money** or **Securities** that has an intrinsic value. **Other Property** does not include:
- (1) intangible property such as computer programs or electronic data;
 - (2) any **Insured’s** or another entity’s or person’s confidential or personal information; or
 - (3) **Virtual Currency**.
- (X) **“Premises”** means the interior portion of a building occupied by the **Insured** in conducting its business.
- (Y) **“Robbery”** means the unlawful taking of **Money**, **Securities** or **Other Property** from the custody of an **Employee** or other person (except a person acting as a watchman, porter or janitor) duly authorized by the **Insured** to have custody of such of **Money**, **Securities** or **Other Property**, by violence or threat of violence, committed in the presence and cognizance of such **Employee** or other person.
- (Z) **“Safe Burglary”** means the unlawful taking of **Money**, **Securities** or **Other Property** from within a locked safe or vault by forcible or violent entry, as evidenced by visible marks upon its exterior, or the unlawful taking of a safe or vault from within the **Premises**.
- (AA) **“Securities”** means any negotiable and non-negotiable instruments representing **Money** or **Other Property**, including revenue and other stamps in current use, casino chips, tokens and tickets. **Securities** does not include **Money** or **Virtual Currency**.
- (BB) **“Single Loss”** means:
- (1) with respect to Insuring Agreement (A), Employee Theft Coverage, and Insuring Agreement (B), Client Property Coverage, of this Coverage Section:
 - (a) an individual act;
 - (b) the combined total of all separate acts; or
 - (c) a series of related acts;
committed by an **Employee** or committed by more than one **Employee** acting alone or in collusion with other persons before or during the **Policy Period**;
 - (2) with respect to Insuring Agreement (C), Forgery or Alteration Coverage, and Insuring Agreement (J)(1), Personal Accounts Forgery or Alteration Coverage, of this Coverage Section, all loss caused by any person, or loss in which that person is involved, whether the loss involves one or more written instruments; and
 - (3) with respect to all other Insuring Agreements of this Coverage Section:
 - (a) any act or series of related acts or events involving one or more persons; or
 - (b) any act, acts or events involving a person or group of persons acting together;
whether identified or not, before or during the **Policy Period**.
- (CC) **“Social Engineering Fraud”** means the intentional misleading of an **Employee** through the use of a **Transfer Instruction**.
- (DD) **“Sponsored Plan”** means any:
- (1) employee welfare or pension benefit plan that is subject to the *Income Tax Act (R.S.C., 1985, c. 1(5th Supp.))* of Canada as amended, and which is operated solely by the **Organization** or jointly by the **Organization** and a labour organization for the benefit of **Employees**; and
 - (2) other employee benefit plan not subject to Title I of the *Employee Retirement Income Security Act of 1974* of the United States of America, as amended, or the *Income Tax Act (R.S.C., 1985, c. 1(5th Supp.))* of Canada, as amended, and which is operated solely by the **Organization** or jointly by the **Organization** and a labour organization for the benefit of **Employees**;
- provided, that **Sponsored Plan** shall not include any multi-employer plan.
- (EE) **“Theft”** means the unlawful taking of property to the deprivation of:
- (1) an **Insured**; or
 - (2) a **Client**, solely for the purposes of Insuring Agreement (B), Client Property Coverage, of this Coverage Section.
- (FF) **“Third Party”** means a natural person other than:
- (1) an **Employee**; or
 - (2) a natural person acting in collusion with an **Employee**.
- (GG) **“Transfer Account”** means an account maintained by the **Insured** at a financial institution from which the **Insured** can initiate the transfer, payment or delivery of **Money** or **Securities** by means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system, or by means of written instructions establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
- (HH) **“Transfer Instruction”** means an instruction received by an **Employee** that:
- (1) contains a misrepresentation of a material fact; and
 - (2) is relied upon by the **Employee**, believing the material fact to be true.
- (II) **“Vendor”** means any entity or natural person that has provided goods or services to an **Insured** under a legitimate pre-existing arrangement or written agreement; provided, that **Vendor** does not include any financial institution, asset manager, broker-dealer, armored motor vehicle company or any similar entity.
- (JJ) **“Virtual Currency”** means a digital or electronic medium of exchange that is used and accepted as a means of payment, but that is not issued by, or guaranteed by, a central bank, government or public authority.
- (KK) **“Voice Computer System”** means a computerized telephone switching exchange owned or leased by the **Insured** and installed on **Premises** that functions as a private branch exchange (PBX), voice over internet protocol (VoIP) telephony, voice mail processor or automated call attendant, or provides a similar capability used for the

direction or routing of telephone calls in a voice communications network; provided, that the **Insured** performs and controls the security function or system features of such telephone switching exchange, including:

- (1) defining persons authorized to access such telephone switching exchange and adding, changing or deleting passwords or access codes in connection therewith; and
- (2) invoking or revoking the telephone switching exchange option which directs telephone call routing; or which adds, moves, or drops telephone lines; or which performs any other similar activity allowed by a hardware or software-based telephone switching exchange option that has been incorporated by a manufacturer or vendor into such telephone switching exchange or any component thereof; provided, such option is not intended for the sole use of such manufacturer or vendor.

III. EXCLUSIONS

This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for:

(A) **ACTS OF EMPLOYEES OR EXECUTIVES**

loss resulting from any fraudulent, dishonest or criminal act committed by any **Employee** or **Executive**, whether acting alone or in collusion with others; provided that this EXCLUSION (A) shall not apply to loss that is otherwise covered under Insuring Agreements (A), Employee Theft Coverage, (B), Client Property Coverage, or (J), Personal Accounts Protection Coverage, of this Coverage Section;

(B) **ACTS OF PARTNERS**

loss resulting from **Theft** or **Forgery** committed by a partner of an **Organization**, whether acting alone or in collusion with others; provided, that if such **Theft** or **Forgery** would otherwise be covered under Insuring Agreements (A), Employee Theft Coverage, or (B), Client Property Coverage, of this Coverage Section, this EXCLUSION (B) shall not apply to the extent coverage under this Coverage Section is excess of the amount of such partner's percentage ownership of such **Organization**, on the day immediately preceding the date of **Discovery**, multiplied by such **Organization's** total assets as reflected in such **Organization's** most recent audited financial statements;

(C) **ADVANTAGE**

loss sustained by one **Insured** to the advantage of any other **Insured**;

(D) **BOOKS AND RECORDS**

loss of or damage to manuscripts, records, accounts, microfilm, tapes or other records, whether written or electronic, or the cost of reproducing any information contained in such lost or damaged records; provided, that this EXCLUSION (D) shall not apply to:

- (1) loss that is otherwise covered under Insuring Agreements (D), Premises Coverage, (E), In Transit Coverage, or (L)(2), Expense Coverage, of this Coverage Section; or
- (2) the cost of blank books, pages, tapes or other blank materials to replace lost or damaged books of account or other records;

(E) **COUNTERFEIT OR FORGERY**

loss resulting from:

- (1) the **Insured's** acceptance of money orders or counterfeit paper currency; provided, that this EXCLUSION (E)(1) shall not apply to loss that is otherwise covered under Insuring Agreements (A), Employee Theft Coverage, (B), Client Property Coverage, or (H), Money Orders and Counterfeit Currency Coverage, of this Coverage Section; or
- (2) **Forgery** or alteration; provided, that this EXCLUSION (E)(2) shall not apply to loss that is otherwise covered under covered under Insuring Agreements (A), Employee Theft Coverage, (B) Client Property Coverage, (C) Forgery or Alteration Coverage, or (J), Personal Accounts Protection Coverage, of this Coverage Section.

(F) **CUSTODIAL**

loss of or damage to **Money, Securities** or **Other Property** while in the custody of any:

- (1) bank, trust company or similar recognized place of safe deposit;
- (2) armored motor vehicle company; or
- (3) person, other than an **Employee**, who is duly authorized by an **Insured** to have custody of such **Money, Securities** or **Other Property**;

provided that this EXCLUSION (F) shall not apply to the extent that coverage under this Coverage Section is excess of the amount recovered or received by such **Insured** under:

- (a) such **Insured's** contract, if any, with, or insurance carried by, any of the foregoing; or
- (b) any other insurance or indemnity in force which would cover the loss in whole or in part;

(G) **FIRE**

loss or damage resulting from fire, provided, that this EXCLUSION (G) shall not apply to:

- (1) loss of or damage to **Money** or **Securities**; or
- (2) damage to any safe or vault caused by the application of fire thereto for the purposes of **Safe Burglary**;

(H) **GOVERNMENT AUTHORITY**

loss or damage resulting from any seizure or destruction of property by order of any governmental authority;

(I) **INDIRECT OR CONSEQUENTIAL**

indirect or consequential loss of any kind including, but not limited to, damages, fines or penalties of any type for which an **Insured** may be legally liable and costs, fees or other expenses an **Insured** incurs in establishing either the existence of or the amount of loss under this Coverage Section; provided, that this EXCLUSION (I) shall not apply to expenses that are otherwise covered under Insuring Agreement (L), Expense Cost Coverage, of this Coverage Section;

(J) **INVENTORY OR PROFIT AND LOSS COMPUTATION**

loss, or that part of any loss, the proof of which as to the amount or existence of such loss is dependent solely upon an inventory computation or a profit and loss computation; provided, that this EXCLUSION (J) shall not apply to the extent that the **Insured** establishes wholly apart from such computations that the **Insured** or the **Client**, as applicable, has sustained a loss covered under Insuring Agreements (A), Employee Theft Coverage, (B), Client Property Coverage, (F), Computer Fraud Coverage, or (I), Social Engineering Fraud Coverage, of this Coverage Section, in which event, the **Insured** may offer its inventory records and actual physical count of inventory to support the amount of loss claimed;

(K) **LEGAL FEES, COSTS OR EXPENSES**

costs, charges, fees, or expenses incurred or paid by an **Insured** in defending or prosecuting any legal proceeding or claim, except to the extent such costs, charges, fees, costs or expenses are otherwise covered under Insuring Agreement (C), Forgery or Alteration Coverage, of this Coverage Section;

(L) **NUCLEAR**

loss or damage resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any act or condition incident to any of the foregoing;

(M) **POTENTIAL INCOME**

loss of income or potential income, including interest and dividends, not realized by an **Insured** as the result of a covered loss;

(N) **SOCIAL ENGINEERING FRAUD**

loss resulting from **Social Engineering Fraud**; provided, that this EXCLUSION (N) shall not apply to loss that is otherwise covered under Insuring Agreement (I), Social Engineering Fraud Coverage, of this Coverage Section;

(O) **TRADE SECRETS/CONFIDENTIAL INFORMATION**

- (1) loss resulting from the use or disclosure of an **Insured's** confidential information, including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, personal information, credit card information, health information or any similar non-public information;
- (2) loss resulting from the use or disclosure of confidential information of another person or entity while in the care, custody or control of an **Insured** including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, personal information, credit card information, health information or any similar non-public information; or
- (3) fees, costs, fines, penalties or any other expenses incurred by an **Insured** which result, directly or indirectly, from the access to or disclosure of another entity's or person's confidential information, including patents, trade secrets, processing methods, customer lists, financial information, personal information, credit card information, health information or any similar non-public information;

(P) **TRADING**

loss resulting from any authorized or unauthorized trading of **Money, Securities or Other Property**, whether or not in the name of an **Insured** and whether or not in a genuine or fictitious account, provided, that this EXCLUSION (P) shall not apply to loss that is otherwise covered under Insuring Agreements (A), Employee Theft Coverage, or (B), Client Property Coverage, of this Coverage Section;

(Q) **VOLUNTARY EXCHANGE OR PURCHASE**

loss resulting from an **Insured** knowingly having given or surrendered **Money, Securities or Other Property** in any exchange or purchase; provided, that this EXCLUSION (Q) shall not apply to:

- (1) loss that is otherwise covered under Insuring Agreements (A), Employee Theft Coverage, (B) Client Property Coverage, (H), Money Orders and Counterfeit Currency Coverage, or (I), Social Engineering Fraud Coverage, of this Coverage Section; or
- (2) loss of **Other Property** that is otherwise covered under Insuring Agreement (F), Computer Fraud Coverage, of this Coverage Section;

(R) **WAR**

loss or damage resulting from declared or undeclared war, civil war, insurrection, rebellion, revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization, or any act or condition incident to any of the foregoing.

IV. EXCLUSIONS APPLICABLE TO SPECIFIC INSURING AGREEMENTS

(A) No coverage will be available under Insuring Agreements (A), Employee Theft Coverage, or (B), Client Property Coverage, of this Coverage Section for:

(1) **PRIOR DISHONESTY**

loss caused by an **Employee** which is sustained by an **Insured**:

(a) after an **Executive or Insurance Representative**, not in acting collusion with such **Employee**, becomes aware of a:

- (i) **Theft**;
- (ii) **Forgery**; or
- (iii) other fraudulent, dishonest or criminal act;

committed by such **Employee** while employed with or in the service of an **Insured**; or

(b) after an **Executive or Insurance Representative**, not acting in collusion with such **Employee**, becomes aware of a **Theft, Forgery** or other fraudulent, dishonest or criminal act, involving:

- (i) **Money**;
- (ii) **Securities**; or
- (iii) **Other Property**;

in an amount in excess of twenty-five thousand dollars (\$25,000), committed by such **Employee** prior to employment or service with an **Insured**.

(B) No coverage will be available under Insuring Agreement (C)(2), Credit, Debit or Charge Cards Coverage, of this Coverage Section for:

(1) **COMPLIANCE WITH TERMS**

loss resulting from **Credit Card Fraud**, unless:

- (a) the **Insured** has fully complied with all provisions, conditions and other terms under which the involved credit, debit or charge card was issued; and
- (b) the **Insured** is legally liable to the issuer of such credit, debit or charge card for such loss.

(C) No coverage will be available under Insuring Agreements (D), Premises Coverage, or (E), In Transit Coverage, of this Coverage Section for:

(1) **ACCOUNTING**

loss resulting from accounting or arithmetical errors or omissions;

(2) **INDUCEMENT**

loss resulting from anyone, acting on an **Insured's** express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property;

(3) **MONEY DEVICES**

loss of property contained in any money operated device, unless the amount of **Money** deposited in such device is recorded by a continuous recording instrument in such device;

(4) **MOTOR VEHICLES OR TRAILERS**

loss of or damage to motor vehicles, trailers or semi-trailers, or any equipment or accessories attached to any of the foregoing; or

(5) **VANDALISM**

loss of or damage to the **Premises** or its exterior, or to containers of covered property, by vandalism or malicious mischief.

(D) No coverage will be available under Insuring Agreements (D), Premises Coverage, (E), In Transit Coverage, (F), Computer Fraud Coverage, or (G), Funds Transfer Fraud Coverage, of this Coverage Section for:

(1) **KIDNAP, EXTORTION OR RANSOM**

loss of **Money, Securities or Other Property** resulting from kidnap, extortion or ransom payments (other than **Robbery**) surrendered to any person or entity as a result of:

- (a) a threat to do bodily harm to any person;
- (b) a threat to do damage to any **Other Property**;
- (c) a threat to introduce a denial of service attack into a **Computer System**; or

(d) a threat to introduce a virus or other malicious instruction into a **Computer System** which is designed to damage, destroy or corrupt data or computer programs stored within such **Computer System**;

(E) No coverage will be available under Insuring Agreement (I), Social Engineering Fraud Coverage, of this Coverage Section for:

(1) **INVESTMENT**

loss resulting from any investment in **Securities**, or ownership in any corporation, partnership, real property, or similar instrument, whether or not such investment is genuine;

(2) **MALFUNCTION**

loss resulting from the failure or malfunction of any product or service;

(3) **FAILURE TO PERFORM**

loss resulting from the failure of any party to perform, in whole or in part, under any contract; or

(4) **CREDIT OR DEBIT CARD**

loss due to any party's use of or acceptance of any credit card, debit card or similar instrument, whether or not genuine.

V. LOSS SUSTAINED/LOSS DISCOVERED EXCLUSIONS

(A) **LOSS SUSTAINED OPTION**

In addition to the Exclusions set forth in Sections III. and IV. of this Coverage Section and if the Loss Sustained option is purchased, as stated in the Declarations Page, no coverage will be available under this Coverage Section for:

(1) loss, unless sustained by any **Insured** during the **Policy Period** and prior to the termination of this Coverage Section as to such **Insured**, and **Discovered** no later than sixty (60) days following such termination;

(2) loss, unless sustained during the **Policy Period** and prior to the termination of any Insuring Agreement or any particular coverage offered under any Insuring Agreement, and **Discovered** no later than sixty (60) days following such termination;

(3) loss, unless sustained during the **Policy Period** and prior to the termination of this Coverage Section in its entirety, and **Discovered** no later than sixty (60) days following such termination; or

(4) loss, unless sustained during the **Policy Period** and prior to the termination of this Coverage Section in its entirety, and **Discovered** no later than one (1) year following such termination, if the termination results from the voluntary liquidation or voluntary dissolution of the **Named Organization**;

provided this EXCLUSION (A) shall not apply to any such loss that would otherwise be covered pursuant to the provisions contained under Paragraph (D), Liability for Prior Losses of Section VIII. **CONDITIONS APPLICABLE TO ALL INSURING AGREEMENTS**, of this Coverage Section.

(B) **LOSS DISCOVERED OPTION**

In addition to the Exclusions set forth in Sections III. and IV. of this Coverage Section and if the Loss Discovered option is purchased, as stated in the Declarations Page, no coverage will be available under this Coverage Section for:

(1) loss, unless sustained by any **Insured** and **Discovered** prior to the termination of this Coverage Section as to such **Insured**;

(2) loss, unless sustained and **Discovered** prior to the termination of any Insuring Agreement or any particular coverage offered under any Insuring Agreement;

(3) loss, unless sustained and **Discovered** prior to the termination of this Coverage Section in its entirety;

(4) loss, unless sustained prior to the termination of this Coverage Section and **Discovered** within one (1) year following such termination if the termination results from the voluntary liquidation or voluntary dissolution of the **Named Organization**; or

(5) loss in any way involving any fact or circumstance that an **Insured** or **Executive** is aware of prior to the inception date of this Policy, which would cause a reasonable person to assume that a loss of a type covered by this Coverage Section has been or will be incurred;

provided, that in no event will coverage be available under this Coverage Section if such loss is covered under any renewal or replacement of this Coverage Section or any Insuring Agreement or any particular coverage offered under any Insuring Agreement.

VI. COVERAGE SECTION SPECIFIC LIMITS

(A) **LIMITS OF LIABILITY**

The applicable Limit of Liability stated in the Declarations Page shall be the maximum limits of the Underwriter's liability for all loss resulting from a **Single Loss**, regardless of the number of **Insureds** sustaining such loss.

If loss resulting from a **Single Loss** is covered under more than one Insuring Agreement of this Coverage Section, the highest applicable Limit of Liability of any such Insuring Agreement shall be the maximum limits of the Underwriter's liability for such loss.

(B) **SPECIAL LIMIT OF INSURANCE FOR SPECIFIED OTHER PROPERTY**

The Underwriter's maximum limit of liability for all loss resulting from any **Single Loss** covered under Insuring Agreement (D), Premises Coverage, or (E), In Transit Coverage, of this Coverage Section, for loss of or damage to:

(1) precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles, shall be the lesser of \$50,000 or the applicable Limit of Liability stated in the Declarations Page; or

(2) manuscripts, drawings or records of any kind, or the cost of reconstructing manuscripts, drawings or records or reproducing any information contained in any manuscripts, drawings or records shall be the lesser of \$50,000 or the applicable Limit of Liability stated in the Declarations Page,

which amounts shall be part of, and not in addition to, the applicable Limit of Liability stated in the Declarations Page.

VII. DEDUCTIBLES

The Underwriter's liability under this Coverage Section shall apply only to that part of each **Single Loss** which is in excess of the applicable Deductible stated in the Declarations Page. Subject to the terms, conditions and limitations of this Coverage Section, the Underwriter will then pay to the **Named Organization** the amount of loss in excess of the applicable Deductible, up to the applicable Limit of Liability. If more than one Deductible applies to a **Single Loss**, then the highest applicable Deductible shall apply to such **Single Loss**.

VIII. CONDITIONS APPLICABLE TO ALL INSURING AGREEMENTS

(A) **Concealment, Misrepresentation or Fraud:**

This Coverage Section is void in any case of fraud by any **Insured** at any time as it relates to the coverage provided by this Coverage Section. This Coverage Section is also void if the **Named Organization** or any other **Insured**, at any time, intentionally conceals or misrepresents a material fact concerning this Coverage Section, the property covered under this Coverage Section, the **Insured's** interest in the property covered under this Coverage Section, or a claim under this Coverage Section.

(B) **Insureds' Duties:**

(1) Upon **Discovery** by the **Insured** or an **Executive** of a loss or a situation that may result in loss of or damage to **Money**, **Securities** or **Other Property** that the **Insured** or an **Executive** reasonably believes will exceed twenty-five percent (25%) of the applicable Deductible stated in the Declarations Page, the **Insured** shall, as a condition precedent to coverage under this Coverage Section:

- (a) give written notice to the Underwriter as soon as practicable, but in no event later than ninety (90) days after such **Discovery**;
 - (b) submit to examination under oath at the Underwriter's request;
 - (c) produce all pertinent records at such reasonable times and places as the Underwriter shall designate;
 - (d) furnish to the Underwriter a detailed, sworn proof of loss as soon as practicable, but in no event later than one hundred eighty (180) days after **Discovery**; and
 - (e) cooperate fully with the Underwriter in the investigation and settlement of any loss or claim.
- (2) The **Insured** must keep records of all property covered under this Coverage Section so that the Underwriter can verify the amount of any loss.
- (C) Legal Action Against the Underwriter:
No **Insured** may bring any legal action against the Underwriter:
- (1) unless the **Insured** has fully complied with all of the terms of this Coverage Section and this Policy;
 - (2) until ninety (90) days after the date on which the **Insured** filed its proof of loss with the Underwriter in accordance with Section VIII. (B)(1)(d) of this Coverage Section; and
 - (3) unless such legal action is commenced within two (2) years immediately following **Discovery**, or in Québec, unless such legal action is commenced within three (3) years immediately following **Discovery**.
- (D) Liability for Prior Losses:
- (1) LOSS SUSTAINED COVERAGE
- If the Loss Sustained option is purchased as stated in the Declarations Page, coverage will be available for loss sustained by the **Insured** prior to the inception date of this Policy, or the effective date of any coverage added by endorsement to this Coverage Section, subject to the following:
- (a) an **Organization**, or any predecessor in interest, carried a prior bond or policy, which at the time such prior loss was sustained, afforded some or all of the coverage of an Insuring Agreement under this Coverage Section applicable to such prior loss;
 - (b) such prior bond or policy continued without interruption from the time such prior loss was sustained until the inception date or effective date(s) specified above;
 - (c) such prior loss was first **Discovered** by an **Insured** or an **Executive** after the time allowed for discovery under the last such bond or policy; and
 - (d) such prior loss would have been covered under this Coverage Section had this Coverage Section been in effect at the time such loss was sustained.
- The Underwriter's maximum liability for such prior loss shall not exceed:
- (i) if the Underwriter or an affiliate of the Underwriter issued such prior bond or policy, the highest Limit of Liability applicable to such loss, whether such limit is written under this Coverage Section or was written under such prior bond or policy issued by the Underwriter or an affiliate of the Underwriter; or
 - (ii) if another insurer issued such prior bond or policy, the lesser of the applicable Limit of Liability stated in the Declarations Page or the limit of liability applicable under such prior bond or policy.
- In all events, the applicable Deductible stated in the Declarations Page will apply to such prior loss.
- Any such prior bond or policy issued by the Underwriter or an affiliate of the Underwriter shall terminate, if not already terminated, as of the inception date of this Policy.
- (2) LOSS DISCOVERED OPTION
- If the Loss Discovered option is purchased as stated in the Declarations Page, coverage will be available for loss sustained by the **Insured** at any time and **Discovered** during the **Policy Period**, provided that coverage for loss sustained prior to the effective date of this Coverage Section, or the effective date of any coverage added by endorsement, is subject to the following:
- (a) if:
 - (i) an **Organization**, or any predecessor in interest, carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy;
 - (ii) such prior bond or policy was not issued by the Underwriter or an affiliate of the Underwriter; and
 - (iii) such loss was first **Discovered** by an **Insured** or an **Executive** prior to the expiration of the time allowed for discovery under the last such bond or policy;
 then no coverage shall be available for such loss under this Coverage Section, unless the total amount of covered loss exceeds the limit of liability of the last such bond or policy carried by the **Organization**, or any predecessor in interest, and the Underwriter's Limit of Liability for any such loss will be in excess of the limit of liability of the last bond or policy, subject to all of the terms, conditions and limitations of this Coverage Section;
 - (b) if:
 - (i) an **Organization**, or any predecessor in interest, carried a prior bond or policy which afforded coverage for a loss sustained during the period of such prior bond or policy; and
 - (ii) such prior bond or policy was issued by the Underwriter or any affiliate of the Underwriter,
 then:
 - (aa) such prior bond or policy shall terminate, if not already terminated, as of the inception of this Policy;
 - (bb) such prior bond or policy shall not cover any loss that was not discovered and noticed to the Underwriter prior to the inception date of this Policy;
 - (cc) the Underwriter's maximum liability for such loss shall be the applicable Limit of Liability stated in the Declarations Page; and
 - (dd) the applicable Deductible stated in the Declarations Page will apply to such loss.
- (3) It is understood and agreed that paragraphs (1) and (2) of this Section VIII.(D) are subject in all events to the CHANGES IN EXPOSURE provision of the General Terms and Conditions.
- (E) Non-Accumulation of Liability:
Regardless of the number of years this coverage remains in effect or the total premium amounts due or paid, whether under this Coverage Section, or under any prior bond or policy, or under any renewal or replacement of this Coverage Section, the liability of the Underwriter with respect to any loss shall not be cumulative from year to year or from policy period to policy period.
- (F) Other Insurance:
Except in the province of Québec where each of the underwriters or insurers under its respective contract is liable to the **Insured** for its rateable proportion of the loss or damage, this Coverage Section is specifically excess of, and will not contribute with:
- (1) any other valid and collectible insurance available to any **Insured** or any other party with interest in any loss covered by this Coverage Section, unless such other insurance is written specifically in excess of any applicable Limit of Liability provided by this Coverage Section;
 - (2) any indemnification to which the **Insured** is entitled from any other entity.
- As excess insurance, this Coverage Section will not apply or contribute to the payment of any loss or expense until the amount of such other insurance or indemnity has been exhausted by payment of loss or expenses covered thereunder. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of loss or expenses, this Coverage Section will apply only to that part of loss or expenses that is not recoverable or recovered under the other insurance or indemnity. This Coverage Section will not be subject to the terms of any other insurance.

(G) Ownership; Interests Covered:

- (1) Except as provided in subparagraph (2) below, the Underwriter's liability under this Coverage Section applies only to **Money, Securities or Other Property** owned or leased by the **Organization**, or for which the **Organization** is legally liable, or held by the **Organization** in any capacity whether or not the **Organization** is legally liable therefore.
- (2) The Underwriter's liability, solely with respect to Insuring Agreement (B), Client Property Coverage, of this Coverage Section applies only to **Money, Securities or Other Property** owned or leased by a **Client**, held by a **Client** for others or for which the **Client** is legally liable.

Notwithstanding the foregoing, the insurance provided by this Coverage Section is for the benefit of the **Insured** only and provides no rights or benefits to any other person or entity. Any claim for loss covered under this Coverage Section must be submitted by the **Insured**.

(H) Recoveries:

Recoveries for any loss or expenses covered under this Coverage Section, whether effected by the Underwriter or the **Insured**, less the costs of recovery shall be distributed as follows:

- (1) first, to an **Insured** in satisfaction of its covered loss or expenses in excess of the applicable Limit of Liability;
- (2) second, to the Underwriter in satisfaction of the amounts paid to an **Insured** for covered loss or expenses;
- (3) third, to an **Insured** in satisfaction of any Deductible applicable to such loss or expenses;
- (4) fourth, to an **Insured** in satisfaction of any amount of such loss or expenses not covered by this Coverage Section.

Any amounts recovered from insurance, suretyship, reinsurance, security or indemnity taken for the Underwriter's benefit shall not be deemed a recovery. Recovery of original **Securities** after duplicates of them have been issued shall not be deemed a recovery.

(I) Valuation and Settlement:

Notwithstanding any provision to the contrary contained in the VALUATION AND FOREIGN CURRENCY provision of the General Terms and Conditions, the value of any loss under this Coverage Section shall be determined as follows:

(1) Loss of **Money**:

The Underwriter will pay for loss of **Money**, up to and including its face value, issued by any foreign jurisdiction in the Canadian dollar equivalent determined by the rate of exchange published by the Bank of Canada on the day the loss was **Discovered**.

(2) Loss of **Securities**:

The Underwriter will, at the Underwriter's option:

- (a) pay the market value of such **Securities** at the close of business on the day the loss was **Discovered**, in which event the **Insured** must assign to the Underwriter all of its rights, title and interest in and to those **Securities**; or
- (b) pay the cost of replacing such **Securities**, including the cost of any Lost Instrument Bond required in connection with issuing duplicates of such **Securities**; provided that, the Underwriter's liability will apply 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:
 - (i) the market value of such **Securities** at the close of business on the day the loss was **Discovered**; or
 - (ii) the Limit of Liability applicable to such **Securities**.

(3) Loss of or damage to **Other Property**, including damage to the **Premises** or its exterior:

The Underwriter will pay the replacement cost of such **Other Property**; provided, that the Underwriter's liability shall not exceed the lesser of:

- (a) the cost to replace or repair the lost or damaged **Other Property** with property of comparable material and quality and used for the same purpose; or
- (b) the Limit of Liability applicable to such **Other Property**.

Notwithstanding any provision to the contrary contained in this paragraph (I)(3), the Underwriter will not be liable to make payment on a replacement cost basis for any loss or damage to **Other Property** until the lost or damaged **Other Property** is actually repaired and replaced and unless the repairs or replacements are made as soon as reasonably possible after the loss or damage. If the lost or damaged **Other Property** is not repaired or replaced, the Underwriter will pay on an actual cash value basis. If the Underwriter and the **Insured** cannot agree upon the cost of replacement or repair or the actual cash value as described in this paragraph (I)(3), then these amounts shall be determined pursuant to the ALTERNATIVE DISPUTE RESOLUTION provision of the General Terms and Conditions.

In the event that loss or damage to **Other Property** occurs in a foreign jurisdiction, the Underwriter will settle such loss or damage in the Canadian dollar equivalent determined by the rate of exchange published by the Bank of Canada on the date the loss or damage was **Discovered**.