

CRIME COVERAGE

GENERAL TERMS AND CONDITIONS

In consideration of the payment of the premium, and in reliance upon all statements made and information furnished to the Insurer shown in the Declarations Page (hereinafter called the "Underwriter") including the **Application**, and subject to the Declarations Page and the terms, conditions and limitations of this Policy, the Underwriter and the **Insureds** agree as follows:

I. TERMS AND CONDITIONS

If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms, conditions and limitations of the Crime Coverage Section, such Crime Coverage Section's terms, conditions and limitations shall control. Any defined term referenced in these General Terms and Conditions but defined in the Crime Coverage Section shall, for purposes of coverage under such Crime Coverage Section, have the meaning set forth in such Crime Coverage Section.

II. DEFINITIONS

- (A) "**Application**" means the application(s) attached to and forming part of this Policy, including any materials submitted in connection to the underwriting of this Policy or for any renewal or replacement of this Policy; provided, that any such statements or filings submitted in connection with the application(s) were made within twelve (12) months of the inception date of this Policy; all of which are on file with the Underwriter and are a part of and incorporated into this Policy. If any **Application** uses any terms or phrases that differ from terms defined in this Policy, no inconsistency between any term or phrase used in the **Application** and any term defined in this Policy will waive or change any of the terms and conditions of this Policy.
- (B) "**Financial Impairment**" means the status of an **Organization** resulting from:
 - (1) the appointment by any federal, provincial, territorial or state official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate such **Organization**;
 - (2) such **Organization** becoming a debtor under the *Bankruptcy and Insolvency Act, R.S. (1985), c. B-3*, in Canada, or a debtor in possession under Chapter 11 of the *United States Bankruptcy Code* or the equivalent of a debtor in possession under the law of any other country; or
 - (3) a reorganization proceeding of the **Organization** under the *Companies' Creditors Arrangement Act, R.C.S., 1985, c. C-36*.
- (C) "**Insured**" shall have the meaning set forth in the Crime Coverage Section.
- (D) "**Management Control**" means:
 - (1) owning interests representing more than 50% of the voting, appointment or designation power for the selection of directors, trustees, managers, member of the Board of directors or equivalent positions of an entity; or
 - (2) being vested with the management control of the operations (either by the power to name or elect a majority of board members or otherwise) of a joint venture, trust, limited partnership, partnership, income fund or limited liability company under the terms of any written contract, by-laws, charter, shareholder agreement, joint venture agreement, trust indenture, limited partnership agreement, limited liability company operating agreement or similar documents.
- (E) "**Named Organization**" means the first entity designated as such in the Declarations Page.
- (F) "**Organization**" means the **Named Organization** and any **Subsidiary**, subject to the provisions of Section V. **CHANGES IN EXPOSURE** of these General Terms and Conditions. **Organization** shall also mean any such entity in its capacity as a debtor or debtor in possession in the event of **Financial Impairment**.
- (G) "**Policy Period**" means the period from the inception date to the expiration date of this Policy stated in the Declarations Page or to any earlier cancellation of this Policy.
- (H) "**Subsidiary**" means, subject to the provisions of Section V. **CHANGES IN EXPOSURE** of these General Terms and Conditions, any:
 - (1) not-for-profit entity, and any for-profit entity whose securities are not publicly traded, during any time which the **Named Organization** has **Management Control** of such entity, either directly or through one or more **Subsidiaries**; and
 - (2) not-for-profit entity during any time such entity is sponsored exclusively by the **Organization**.

III. NOTICE

- (A) Any notice to the Underwriter, including but not limited to notice of any loss or incident under the Crime Coverage Section, shall be sent to the address designated in the Declarations Page.
- (B) Any notice to the **Insured** shall be sent to the **Named Organization** at the address designated in the Declarations Page.
- (C) Proof of receipt of the notices is the responsibility of the sender.

IV. TERRITORY

Coverage shall extend to anywhere in the world.

V. CHANGES IN EXPOSURE

(A) Acquisition/Creation of Another Organization

If, before or during the **Policy Period**, any **Organization** acquires:

- (1) **Management Control** in another organization or creates another organization which, as a result of such acquisition or creation, becomes a **Subsidiary**; or
- (2) another organization by merger into or consolidation with the **Organization** such that the **Organization** is the surviving entity,

then, coverage under this Policy shall be provided for such other organization and its **Insureds** solely with respect to losses sustained after the effective date of such acquisition or creation.

(B) Acquisition by Another Organization

If:

- (1) the **Named Organization** merges into or consolidates with another organization where the **Named Organization** is not the surviving entity; or
- (2) another organization or person or group of organizations and/or persons acting in concert acquires **Management Control** of the **Named Organization**,

then coverage under this Policy shall terminate as of the effective date such merger, consolidation or acquisition, subject to Section V. **LOSS SUSTAINED/LOSS DISCOVERED EXCLUSIONS** of the Crime Coverage Section.

Upon the occurrence of any event described in paragraph (B)(1) or (B)(2) above, any unearned premium for this Policy shall be refunded on a pro rata basis. The **Named Organization** shall give written notice of such merger, consolidation or acquisition to the Underwriter as soon as practicable, but in no event later than ninety (90) days after the date of such merger, consolidation or acquisition, together with such other information as the Underwriter may require.

(C) Cessation of Subsidiary

In the event an **Organization** ceases to be a **Subsidiary** before or during the **Policy Period**, then such **Subsidiary** and its **Insureds** shall cease to be **Insureds** as of the effective date of such cessation, and coverage under this Policy shall apply as provided in the Crime Coverage Section.

VI. VALUATION AND FOREIGN CURRENCY

Except as otherwise provided in the Crime Coverage Section, all premiums, limits, deductibles, loss and other amounts under this Policy are expressed and payable in Canadian currency.

VII. SUBROGATION

In the event of any payment hereunder, the Underwriter shall be subrogated to the extent of any payment to all of the rights of recovery of the **Insureds**. The **Insureds** shall execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the Underwriter effectively to bring suit in its name. The **Insureds** shall do nothing that may prejudice the Underwriter's position or potential or actual rights of recovery. The obligations of the **Insureds** under this Section VII. shall survive the expiration or termination of this Policy.

VIII. NAMED ORGANIZATION RIGHTS AND OBLIGATIONS

The **Named Organization** will act on behalf of all **Insureds** with respect to:

- (A) the giving or receiving of any notices under this Policy;
- (B) the payment of premiums to and receiving of return premiums from the Underwriter; and
- (C) the receiving and acceptance of any endorsements issued to form a part of this Policy.

IX. CHANGES

Notice to or knowledge possessed by any agent or other person acting on behalf of the Underwriter shall not constitute a waiver or change in any part of this Policy or prevent or estop the Underwriter from asserting any right(s) under this Policy. This Policy can only be altered, waived or changed by written endorsement issued to form a part of this Policy.

X. ASSIGNMENT

No assignment of interest under this Policy shall bind the Underwriter without its written consent issued as a written endorsement to form a part of this Policy.

XI. CANCELLATION/NONRENEWAL

- (A) The Underwriter may only cancel this Policy because of non-payment of premium by giving the **Named Organization** at the last mailing address known to it, written notice of cancellation by registered mail or personally delivered at least fifteen (15) days before the effective date of such cancellation. If notice is mailed, the cancellation notice begins at the receipt of the letter by the post office to which it is addressed and proof of mailing will be sufficient proof of notice, except in Quebec where the cancellation notice begins after receipt of the notice at the last known address of the **Named Organization**.
- (B) This Policy may be cancelled by the **Named Organization** at any time by mailing written notice to the Underwriter stating when thereafter such cancellation will be effective. In such event, the earned premium will be computed *pro rata*. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- (C) The Underwriter will not be required to renew this Policy upon its expiration. The Underwriter will provide the **Named Organization** with ninety (90) days notice of any non-renewal. Renewal terms which differ in any manner from the terms, conditions and premium of the expiring Policy shall not constitute a refusal to renew.

XII. INSOLVENCY OF INSURED

The Underwriter will not be relieved of any of its obligations under this Policy by the bankruptcy or insolvency of any **Insured** or their estate.

XIII. ENTIRE AGREEMENT

The **Insureds** agree that this Policy, including the **Application**, Declarations Page and any endorsements, constitutes the entire agreement between them and the Underwriter or any of its agents relating to this insurance.

XIV. HEADINGS

The descriptions in the headings and sub-headings of this Policy are solely for convenience and form no part of the terms and conditions of coverage.

XV. REPRESENTATIONS

This Policy is issued and continued in force by the Underwriter in reliance upon the statements and representations contained in the **Application** as being true, accurate and complete. Such statements and representations are incorporated in and form part of this Policy.

XVI. ALTERNATIVE DISPUTE RESOLUTION

- (A) Any dispute between the **Insured** and the Underwriter (hereinafter referred to as the parties) based upon or in connection with any actual or alleged coverage under this Policy shall be submitted to an alternative dispute resolution process. The process is initiated by sending a written notice to the other party selecting either non-binding mediation or binding arbitration to resolve the dispute. In case of disagreement in the means to resolve the dispute between the parties, the **Insured's** preference will have precedence. In the event non-binding mediation is selected, the **Insured** and the Underwriter shall agree on a single mediator. Each party shall retain the right to begin judicial proceedings but shall put a hold on commencing such proceedings until the mediation terminates without successful resolution.
- (B) In the event binding arbitration is selected, the **Insured** and the Underwriter shall agree on an odd number of arbitrators that will constitute the arbitration panel. If the Underwriter and the **Insured** do not agree on the choice of arbitrators, each shall select one arbitrator and the two arbitrators shall select a third arbitrator. The majority ruling of the arbitration panel shall be final and binding upon the **Insured** and the Underwriter on the matters disputed. The arbitration award shall not include legal expenses or other fees related to the arbitration process.
- (C) The arbitrators and mediators must be disinterested and have sufficient experience in mediating or arbitrating legal, corporate management or insurance issues similar to the matters in dispute. Each party shall share equally the expenses of the process elected.

The terms of this Section shall be interpreted in conformity with the alternative dispute resolution legislation or act applicable at the domicile of the **Named Organization**.

XVII. STATUTORY CONFORMITY

The terms of this insurance that are in conflict with the terms of any applicable laws construing this insurance are amended to conform to such laws.

XVIII. LIBERALIZATION CLAUSE

If the Underwriter releases a new version of these General Terms and Conditions or the Crime Coverage Section that provides broadened coverage under this Policy without additional premium within forty-five (45) days prior to or during the **Policy Period**, the broadened coverage will apply to this Policy from the introduction date of the new version, but shall not apply to any losses reported to the Underwriter prior to the introduction of such new version.

Notwithstanding the foregoing, nothing herein shall be construed, in any manner, to increase or change the Limits of Liability afforded under this Policy as stated in the Declarations Page or change the applicability of the endorsements attached hereto.