

In consideration of the payment of the premium and in reliance upon all statements made in the **Application** furnished to the Insurer designated in the Declarations, a stock insurance corporation, hereafter called the Insurer, the Insurer and the **Named Entity Insureds** agree as follows:

I. TERMS AND CONDITIONS

The terms and conditions of each **Coverage Part** apply only to that **Coverage Part** and shall not apply to any other **Coverage Part**. If any provision in these General Terms & Conditions is inconsistent or in conflict with the terms and conditions of any **Coverage Part**, the terms and conditions of that **Coverage Part** shall control for purposes of that **Coverage Part**.

II. DEFINITIONS

Words set forth in bold have the meaning set forth below. However, any bolded word defined in these General Terms & Conditions that is defined differently in a **Coverage Part** shall, for purposes of coverage under that **Coverage Part**, have the meaning defined in that **Coverage Part**.

1. **Application** means all applications for this Policy and for any policy in an uninterrupted series of policies issued by the Insurer or any affiliate of the Insurer of which this Policy is a renewal or replacement. **Application** includes any materials submitted or required to be submitted with the **Application**. An "affiliate of the Insurer" means an insurer controlling, controlled by or under common control with the Insurer.
2. **Coverage Part** means only those coverage parts designated in the Declarations as "Included" in this Policy and attached hereto.
3. **Crime Coverage Part** means the Crime Coverage Part, if such **Coverage Part** is designated as "Included" in the Declarations and attached hereto.
4. **Crime Loss** means loss sustained under the **Crime Coverage Part**.
5. **Defense Costs** means all reasonable and necessary fees charged by attorneys designated by the Insurer, or by the **Named Entity Insureds** with the Insurer's written consent. **Defense Costs** also include all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Liability Claim** if incurred by the Insurer, or by the **Named Entity Insureds** with the written consent of the Insurer, including the costs of appeal, attachment or similar bonds. However, the Insurer has no obligation to provide such bonds. **Defense Costs** shall not include salaries, wages, fees, overhead or benefit expenses associated with the directors, officers, employees, trustees, committee members, or volunteers of **Named Entity**, any **Subsidiary**, or **Property Manager**.
6. **ERISA or any Similar Act** means the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law of the United States or its states, territories or possessions, or any other jurisdiction anywhere in the world.
7. **Executive Officer** means with respect to **Named Entity**, any **Subsidiary**, or **Property Manager**, its trustees, chairperson, chief executive officer, president, chief financial officer, in-house general counsel, and the director of human resources or equivalent position.
8. **Financial Insolvency** means, with respect to any **Named Entity** covered under any **Coverage Part** designated as "included" in the Declarations attached hereto:

- a. the appointment by any state or federal official, agency or court of a receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate such **Named Entity**; or such **Named Entity** becoming a debtor in possession; and
 - b. except with respect to a **Change in Status**, the inability of such organization financially or under applicable law to advance **Defense Costs** or indemnify the **Insureds** for **Liability Loss**.
9. **Fungi** means any form of fungus, including but not limited to yeast, mold, mildew, rust, smut or mushroom, and any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of fungi.
10. **Insured Person** means any natural person covered under the **Liability Coverage Part**.
11. **Interrelated Wrongful Acts** means any **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.
12. **Liability Claim** means any claim covered under the **Liability Coverage Part**.
13. **Liability Coverage Part** only means the **Association Liability Coverage Part** , if such **Coverage Part** is designated as "Included" in the Declarations attached to this policy .
14. **Liability Loss** means loss covered under the **Liability Coverage Part**.
15. **Loss** means all **Liability Loss** and all **Crime Loss**.
16. **Microbe** means any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease including but not limited to any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of microbes.
17. **Named Entity** means the association named in Item 1 of the Declarations, including such association as a debtor in possession under Chapter 11 of the United States Bankruptcy Code or an equivalent status under the law of any other country.
18. **Named Entity Insureds** means the **Named Entity**, **Subsidiaries**, **Property Manager** and **Insured Persons** covered under under any **Coverage Part** designated as "Included" in the Declarations.
19. **Policy Period** means the period from the effective date of this Policy to the Policy expiration date stated in Item 2 of the Declarations, or its earlier cancellation date.
20. **Policy Premium** means the original premium and the fully annualized amount of any additional premiums, other than the Extended Reporting Period premium, charged by the Insurer before or during the **Policy Period**.

21. **Pollutants** means any substance exhibiting hazardous characteristics as, is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products.
22. **Property Manager** means the entity or natural person specified in Item 6 of the Declarations. If an entity is specified in Item 6, **Property Manager** shall also include **Property Manager Employees** employed by such entity to provide real estate **Property Management Services** to the **Named Entity**.
23. **Property Manager Employee** means any natural person in the regular service of a **Property Manager** in the ordinary course of such **Property Manager's** business, whom such **Property Manager** governs and directs in the performance of such service, including any part-time, seasonal, leased or temporary employee, or any duly elected or appointed director, officer, member of the board of managers or management committee member while performing **Property Management Services** within the usual scope of a **Property Manager Employee**.
24. **Subsidiary** means any entity which qualifies as a non-profit entity under Internal Revenue Code Section 501(c)(3) and any amendment thereto, during any time in which the **Named Entity** owns or controls, directly or through one or more **Subsidiaries**, the right to elect or appoint more than 50% of the entity's directors or trustees.
25. **Change in Status** means the consolidation or merger of the **Named Entity** into or with another entity, or **Financial Insolvency**:

III. EXTENDED REPORTING PERIOD/DISCOVERY

1. Solely with respect to any **Liability Coverage Part**, if the Insurer non-renews this Policy, the **Named Entity** shall be provided, at no additional charge, an extension of this Policy for a period of 30 days immediately following the end of the **Policy Period**, but only with respect to **Claims** made against **Named Entity Insureds** and reported to the Insurer during such extension by reason of any **Wrongful Act** committed before the earlier of the end of the **Policy Period** or the effective date of any **Change in Status**.

This period shall be referred to as the automatic Extended Reporting Period.
2. If the Insurer non-renews this Policy, the **Named Entity** shall have the right to purchase, upon payment of an additional premium equal to 100% of the annualized **Policy Premium**, an extension of this Policy for a period of 12 months immediately following the end of the **Policy Period**, but only with respect to:
 - a. under the **Liability Coverage Part**, any **Wrongful Act** committed before the earlier of the end of the **Policy Period** or the effective date of any **Change in Status**;
 - b. under the **Crime Coverage Part**, loss sustained completely prior to the earlier of the end of the **Policy Period** or the effective date of any **Change in Status**, which is discovered by the **Named Entity** no later than one year from the date of that termination or cancellation.

This period shall be referred to as the optional Extended Reporting Period.

3. As a condition precedent to the right to purchase the optional Extended Reporting Period, (i) the total premium for this Policy must have been paid; (ii) the **Named Entity** must request such Extended Reporting Period in writing, and such request must be received by the Insurer, at the address for notices set forth in Item 4 of the Declarations page, within 30 days of the end of the **Policy Period** or the effective date of any **Change in Status**, and (iii) the full payment of the premium for such Extended Reporting Period must be received by the Insurer within 30 days after the end of the **Policy Period**.
4. If the optional Extended Reporting Period is purchased, the entire premium shall be deemed fully earned at its commencement without any obligation by the Insurer to return any portion thereof.
5. There is no separate or additional limit of liability for the automatic or optional Extended Reporting Period.
6. No receiver, conservator, liquidator, trustee, rehabilitator, or similar official and no governmental agency, body or representative can exercise the right to: (i) purchase extended discovery with respect to the **Crime Coverage Part**; or (ii) report any claim under the **Crime Coverage Part**. In addition, the Extended Reporting Period terminates immediately with respect to the **Crime Coverage Part** on the effective date of any other insurance obtained by **Named Entity Insureds** or any other party which replaces, in whole or in part, the coverage afforded by the **Crime Coverage Part**, regardless of whether such insurance provides coverage for **Loss** sustained prior to the effective date of this Policy.

IV. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses and legally recognized domestic partners of **Insured Persons** shall be considered **Named Entity Insureds** under the **Liability Coverage Part**; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns, spouses and legally recognized domestic partners only for a **Claim** arising solely out of their status as such and, in the case of a spouse, where such **Claim** seeks damages from marital community property, jointly held property or property transferred from the **Insured Person** to the spouse. No coverage is provided for any act, error or omission of an estate, heir, legal representative, assign, spouse or legally recognized domestic partners. All terms and conditions of this Policy, including without limitation the retention applicable to **Liability Loss** incurred by the **Insured Person**, shall also apply to loss incurred by such estates, heirs, legal representatives, assigns, spouses and legally recognized domestic partners.

V. LIMIT OF LIABILITY/RETENTIONS

1. Limit of Liability
 - a. The Scheduled Limits of Liability set forth in Item 6 of the Declarations as the Scheduled Limits of Liability for the **Association Liability Coverage Part** shall be the maximum aggregate Limits of Liability of the Insurer for all **Liability Loss** under such **Coverage Part**, regardless of the number of **Claims** made against the **Named Entity Insureds**;
 - b. The Scheduled Limit of Liability set forth in Item 6 of the Declarations as the Scheduled Limit of Liability for the **Crime Coverage Part** shall be the maximum

limit of liability of the Insurer for each **Crime Loss** under the **Crime Coverage Part**. Such limit of liability shall not accumulate from **Policy Period** to **Policy Period**

- c. If the Limit of Liability for any **Coverage Part** is exhausted by payment of **Loss**, the Insurer's obligations under such **Coverage Part** shall be deemed completely fulfilled and extinguished.
 - d. The Insurer shall pay **Liability Loss** on behalf of the **Named Entity Insureds**, and shall pay **Crime Loss** as incurred by the **Named Entity Insureds**, without consideration of other future obligations.
 - e. The liability of the Insurer for all **Crime Loss** sustained by more than one **Named Entity Insured** shall not exceed the amount that the Insurer would pay if all **Crime Loss** had been sustained by one **Named Entity Insured**.
 - f. In the event any loss is covered partly by the **Crime Coverage Part** and partly by any prior canceled or terminated insurance that the Insurer or any affiliate issued to the **Named Entity Insureds**, the most the Insurer will pay with respect to such loss is the larger of the amount recoverable under the **Crime Coverage Part** or the prior insurance.
 - g. If any loss is covered partly by the **Crime Coverage Part** and partly by any prior canceled or terminated insurance issued by any carrier other than the Insurer or any affiliate: (i) any retention amount applicable to the loss under the **Crime Coverage Part** will be reduced by any deductible or retention amount applicable under the prior insurance, and (ii) the limit applicable to the loss under the **Crime Coverage Part** will be reduced by any amount paid or payable to the **Named Entity Insured** under the prior insurance.
2. Retentions
- a. Subject to paragraph c below, the Insurer is liable to pay only that amount of **Loss** in excess of any applicable retention. The Insurer will have no obligation to pay all or any portion of any applicable retention.
 - b. Separate Retentions as set forth in Item 6 of the Declarations as the Scheduled Retentions shall apply to each **Loss** under each **Coverage Part**.
 - c. No retention applies with respect to any **Liability Loss** in a **Claim** against any **Insured Persons** if the **Named Entity**, or any **Subsidiary** are not permitted to advance **Defense Costs** or to indemnify such **Insured Persons** for **Liability Loss** by reason of:
 - (1) **Financial Insolvency**; or
 - (2) a good faith determination by **Named Entity**, or any **Subsidiary** that such payment is not permitted under the broadest construction of applicable law.
 - d. Subject to Section XII below, if a **Loss** is covered under more than one **Coverage Part** and if more than one retention applies to such **Loss**, the maximum total retention amount applicable to such **Loss** shall be the amount of the largest applicable retention.

VI. DEFENSE AND SETTLEMENT OF LIABILITY CLAIMS1. Defense of **Claims**

The Insurer has the right and duty to defend all **Liability Claims**, even if the allegations are groundless, false or fraudulent. The Insurer shall have the right to appoint counsel and to make such investigation and defense of a **Liability Claim** as it deems necessary. The Insurer's obligation to defend any **Liability Claim** or pay any **Liability Loss**, including **Defense Costs**, shall be completely fulfilled and extinguished if the limit of liability has been exhausted by payment of **Liability Loss**, or if the **Named Entity** has failed to pay its full retention for reasons other than **Financial Insolvency**.

2. Settlement

The Insurer shall not settle a **Liability Claim** without the consent of the **Named Entity Insureds**, other than any **Property Manager**, which shall not be unreasonably withheld. If the **Named Entity Insureds**, other than any **Property Manager** unreasonably refuse to consent to a settlement or compromise recommended by the Insurer, and acceptable to the claimant, then the applicable limit of liability under this Policy shall be reduced to the amount for which the **Liability Claim** could have been settled plus all **Defense Costs** incurred up to the time the Insurer made its recommendation.

3. Cooperation of **Named Entity Insureds**

The **Named Entity Insureds** shall not admit liability, consent to any judgment, agree to any settlement or make any settlement offer without the Insurer's prior written consent, such consent not to be unreasonably withheld. The Insurer shall not be liable for any **Loss** to which it has not consented. The **Named Entity Insureds** agree that they shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Policy. The **Named Entity Insureds** shall furnish the Insurer with copies of reports, investigations, pleadings, and all related papers, and such other information, assistance and cooperation as the Insurer may reasonably request.

VII. NOTICE/DATE OF CLAIM/INTERRELATED CLAIM CLAUSE/ SWORN PROOF OF LOSS

1. If, during the **Policy Period** or any Extended Reporting Period, if applicable, any **Claim** is first made against the **Named Entity Insureds**, the **Named Entity Insureds** shall, as a condition precedent to the obligations of the Insurer under this Policy, give a written notice to the Insurer as soon as reasonably possible.
2. If, during the **Policy Period** the **Named Entity Insureds** first become aware of a specific **Wrongful Act** which may reasonably give rise to a future **Liability Claim** and during such period give written notice to the Insurer of:
 - a. the names of any potential claimants and a description of the **Wrongful Act** which forms the basis of their potential **Claim**;

- b. the identity of the specific **Named Entity Insureds** allegedly responsible for such specific **Wrongful Act**;
- c. the consequences that have resulted or may result from such specific **Wrongful Act**;
- d. the nature of the potential monetary damages or non-monetary relief which may be sought in consequence of such specific **Wrongful Act**; and
- e. the circumstances by which **Named Entity Insureds** first became aware of such specific **Wrongful Act**;

then any **Liability Claim** otherwise covered pursuant to the **Liability Coverage Part** which is subsequently made and which arises out of such **Wrongful Act** shall be deemed to have been first made and reported to the Insurer by the **Named Entity Insureds** at the time such written notice was received by the Insurer. No coverage is provided for fees and expenses incurred prior to the time such notice results in a **Liability Claim**.

3. Except as provided in subsection 2 above, a **Liability Claim** shall be deemed made:
 - a. in the case of a civil, criminal, administrative, regulatory proceeding or arbitration, on the earliest of the date of service upon or other receipt by any **Named Entity Insured** of a complaint, indictment, notice of charge or similar document against the **Named Entity Insured** in such proceeding or arbitration;
 - b. in the case of a written demand for monetary damages or non-monetary relief, on the **Named Entity Insureds'** receipt of such written demand.
4. More than one **Liability Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Liability Claim** which shall be deemed made on the earlier of:
 - a. the date on which the earliest such **Liability Claim** was first made, or
 - b. the first date valid notice was given by the **Named Entity Insureds** to the Insurer under this Policy of any **Wrongful Act** or under any prior policy of any **Wrongful Act**, or any fact, circumstance, situation, event or transaction which underlies any such **Liability Claim**.
5. With respect to the **Crime Coverage Part**, within 90 days after discovery the **Named Entity Insured** sustained a loss, the **Named Entity Insured** shall provide a detailed sworn proof of loss. The **Named Entity Insureds** will, upon request of the Insurer, submit to an examination under oath. The **Named Entity Insureds** will also notify the police if they have reason to believe that any loss involves a violation of law.
6. The **Named Entity Insureds** shall give written notice to the Insurer under this Policy as specified in Item 4 of the Declarations, which shall be effective upon receipt.

VIII. CANCELLATION

1. The Insurer may not cancel this Policy except for non-payment of any premium when due by providing to **Named Entity** written notice stating when, not less than 20 days thereafter, such cancellation shall be effective. This Policy is issued in consideration of the payment of the premium. If there is non-payment of the premium due on inception of the **Policy Period**, this policy does not take effect, and the Named Insured will be so notified.

2. The **Named Entity Insureds** grant the exclusive authority to cancel this Policy to **Named Entity**. **Named Entity** may cancel this Policy by providing the Insurer written notice stating when thereafter such cancellation shall be effective. The mailing or delivery of such notice shall be sufficient. The unearned premium shall be computed pro rata and premium adjustment may be made at the time cancellation is effected or as soon as practicable.

IX. NOTICES TO THE NAMED ENTITY

Any notices required under Section VIII, **CANCELLATION**, shall be provided to **Named Entity** at the address set forth in Item 1 of the Declarations and to the **Property Manager** if and at the address, specified in Item of the Declarations for this Policy. The mailing of such notice shall be sufficient.

X. OTHER INSURANCE

If any **Loss** resulting from any **Claim** is insured under any other policies, this Policy shall apply only to the extent the **Loss** exceeds the amount paid under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Policy.

XI. APPLICATION

The **Named Entity Insureds** represent and acknowledge that the statements contained in the **Application** are true, are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy, and shall be deemed material to the acceptance of this risk or the hazard assumed by the Insurer under this Policy. This Policy is issued in reliance upon the truth of such representations.

XII. COORDINATION AMONG COVERAGE PARTS

Should two or more **Coverage Parts** apply to the same **Loss**, the Insurer will not pay more than the actual **Loss** incurred by the **Named Entity Insureds**.

XIII. COVERAGE FOR NEW SUBSIDIARIES

1. If, after the effective date of this Policy, (i) **Named Entity**, or any **Subsidiary** creates or acquires an entity, or (ii) **Named Entity**, or any **Subsidiary** merges with another entity such that **Named Entity**, or any **Subsidiary** is the surviving entity, then such entity, and any subsidiaries, directors, officers, trustees or employees of such entity who otherwise would thereby become a **Named Entity Insured**, shall be covered under this Policy, subject to its terms and conditions, only if the Insurer, at its sole option, upon submission of such information as the Insurer may require and payment of any additional premium and/or amendment of the provisions of the Policy, agrees to provide coverage for such entity, subsidiaries, directors, officers or employees.
2. There shall be no coverage under the **Liability Coverage Part** for any **Wrongful Act** by such created, acquired or merged entity, or by any persons or entities considered to be **Named Entity Insureds** pursuant to Section XII.1 above, where such **Wrongful Act** occurred in whole or in part before the effective date of such acquisition or merger or for any **Wrongful Act** occurring on or after such date which,

together with any **Wrongful Acts** occurring before such date, would be considered **Interrelated Wrongful Acts**. There is no coverage under the **Crime Coverage Part** (if included) for any event discovered prior to the effective date of such creation, merger or acquisition either by **Named Entity Insured**, or by the created, acquired or merged entity.

XIV. CHANGE OF STATUS

1. Change in Status of Named Entity

In the event of a **Change in Status of Named Entity**, coverage under this Policy shall continue until this Policy is otherwise terminated, but only with respect to **Wrongful Acts** occurring, or **Loss** under the **Crime Coverage Part** sustained, before the effective date of the **Change in Status**, unless (i) the Insurer is notified in writing of the **Change in Status** prior to the **Change in Status** effective date and agrees in writing to provide coverage for **Wrongful Acts** occurring, or **Crime Loss** sustained, on or after such effective date, and (ii) **Named Entity** accepts any special terms, conditions, exclusions or additional premium charge required by the Insurer.

2. Cessation of Subsidiary

If any organization ceases to be a **Subsidiary**:

- a. there shall be no coverage under the **Liability Coverage Part** for any **Wrongful Act** by such organization or any **Insured Person** of such organization occurring after the date such organization ceased to be a **Subsidiary**; and
- b. there shall be no coverage under the **Crime Coverage Part** (if included) for **Crime Loss** sustained by the **Subsidiary** after the date it ceased to be a **Subsidiary**.

3. Transfer of a Plan

If the sponsorship of a **Plan** is transferred so that **Named Entity**, or any **Subsidiary** is no longer the sole employer sponsor of such **Plan**, there shall be no coverage under the **Crime Coverage Part** (if included) for **Crime Loss** sustained by or with respect to such **Plan** after the date of such transfer.

XV. SUBROGATION AND RECOVERY

1. To the extent it pays any **Loss**, the Insurer shall be subrogated to all the **Named Entity Insureds'** rights of recovery therefor. The **Named Entity Insureds** shall execute all papers necessary to secure such rights, including executing any documents necessary to enable the Insurer effectively to bring suit in their name, and shall not act or fail to act in any way that impairs the Insurer's rights of subrogation or recovery.
2. If a **Loss** is in part insured and in part uninsured under this Policy or is in an amount in excess of the applicable limit of liability, the **Named Entity Insureds** and the Insurer shall attempt to agree upon an equitable allocation of any recoveries made, whether before or after payment of the **Loss** by the Insurer, from any person or source responsible for causing the **Loss**. Reasonable expenses incurred in making a recovery shall always have priority of payment from all such recoveries. If, after exerting their best efforts, the **Named Entity Insureds** and the Insurer are unable to

agree upon such an allocation after taking into account due consideration for the respective parties' willingness to pay the expenses of making any recovery, the Insurer, if requested by the **Named Entity Insureds**, shall submit the dispute to binding arbitration. The rules of the American Arbitration Association shall apply with respect to the selection of the arbitration panel, which shall consist of one arbitrator selected by the **Named Entity Insureds**, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the first two arbitrators.

3. In no event shall the **Named Entity Insureds** be entitled to recoup from recoveries any amount to satisfy any retention until after all amounts which the Insurer is required to pay or pays under any applicable **Coverage Part** are reimbursed to the Insurer.
4. Any allocation of recoveries for purposes of this Section **XV** shall not change any provisions dealing with calculation of insured **Crime Loss** under the **Crime Coverage Part**.

XVI. CHANGES

Notice to or knowledge possessed by any agent or other person acting on behalf of the Insurer shall not effect a waiver or a change in any part of this Policy or stop the Insurer from asserting any right under the provisions of this Policy, nor shall the provisions be waived or changed except by written endorsement issued to form a part of this Policy.

XVII. NAMED ENTITY AUTHORIZATION

1. The **Named Entity Insureds** agree that **Named Entity** will act on behalf of the **Named Entity Insureds** with respect to giving of all notice to the Insurer (except notices provided in Section VII.1 or 2), the receipt of notices from the Insurer, the payment of the premiums, the receipt of any return premiums that may become due under this Policy, and the acceptance of endorsements.
2. Payment of **Crime Loss** covered under the **Crime Coverage Part** to **Named Entity** shall discharge the Insurer from all further obligations under the **Crime Coverage Part** with respect to such **Crime Loss**, regardless of which **Named Entity Insured** sustained the **Crime Loss**.

XVIII. NO ACTION AGAINST INSURER

1. No action shall be taken against the Insurer unless, as a condition precedent, there shall have been full compliance with all the provisions of this Policy nor until the amount of the **Named Entity Insureds'** obligation to pay shall have been finally determined either by final and nonappealable judgment against the **Named Entity Insureds** after trial or by written agreement of the **Named Entity Insureds**, the claimant and the Insurer.
2. No person or organization shall have any right under this Policy to join the Insurer as a party to any **Liability Claim** against the **Named Entity Insureds** to determine the **Named Entity Insureds'** liability, nor shall the Insurer be impleaded by the **Named Entity Insureds** or their legal representatives in any such **Liability Claim**.
3. Legal proceedings for the recovery of any **Loss** claimed under the **Crime Coverage Part** shall not be brought prior to the expiration of 90 days after proof of loss was received by the Insurer nor more than two years after the loss was discovered.

XIX. ASSIGNMENT OF INTEREST

Assignment of interest under this Policy shall not bind the Insurer unless its consent is endorsed to this Policy.

XX. TERRITORY

Coverage shall apply solely to **Claims** brought and maintained entirety within and subject to the laws of the United States of America or any territory, possession, state, province or subdivision thereof.

XXI. ENTIRE AGREEMENT

The **Named Entity Insureds** agree that this Policy, consisting of the **Application**, the **Coverage Parts**, and all endorsements listed in the Declarations, constitute the entire contract existing between them and the Insurer or any of its agents relating to this insurance.

XXII. ECONOMIC AND TRADE SANCTIONS

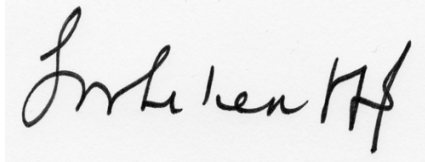
In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy is void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

1. Any **Named Entity Insured**, or any person or entity claiming the benefits of a **Named Entity Insured**, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
2. Any **Claim** that is brought in a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such **Claim** is prohibited by U.S. economic or trade sanctions;
3. Any **Claim** that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to U.S. economic or trade sanctions;
4. Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities related to such property are prohibited by U.S. economic or trade sanctions; or
5. Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to U.S. economic or trade sanctions.

As used in this Policy, a Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (O.F.A.C.) as it may be from time to time amended.

As used in this Policy, a Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed by its Chairman and Secretary at Chicago, Illinois, but the same shall not be binding upon the Insurer unless countersigned by a duly authorized representative of the Insurer.

A handwritten signature in black ink, appearing to read "Loren H. H.", is centered on a light gray rectangular background.

Chairman

A handwritten signature in black ink, appearing to read "James M. H. H.", is centered on a light gray rectangular background.

Secretary

I. INSURING AGREEMENT

The Insurer shall pay all **Loss** resulting from any **Claim** first made against any **Named Entity, Subsidiary, Insured Person** or **Property Manager** during the **Policy Period** or the Extended Reporting Period, if applicable, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted, by such **Named Entity Insured** before or during the **Policy Period**.

II. DEFINITIONS

For purposes of coverage under this **Coverage Part**:

1. **Claim** means:
 - a. a written demand for monetary damages or nonmonetary relief against a **Named Entity Insured** for a **Wrongful Act**;
 - b. a civil, criminal, or administrative adjudicatory proceeding against a **Named Entity Insured** for a **Wrongful Act**, including any appeal therefrom; or
 - c. a proceeding before the United States Equal Employment Opportunity Commission or any similar state, local or territorial governmental agency, against a **Named Entity Insured** for a **Wrongful Act** which is a **Wrongful Employment Practice**.
2. **Construction Defect** means any alleged or actual defective, faulty or delayed construction or any other matter recognized as a construction defect under applicable common or statutory law, whether or not as a result of (i) faulty or incorrect design or architectural plans, (ii) improper soil testing, (iii) inadequate or insufficient protection from subsoil, ground water or earth movement or subsidence, (iv) the construction, manufacture or assembly of any tangible property, (v) the failure to provide construction related goods or services as represented or to pay for such goods or services, or (vi) the supervision of such activities.
3. **Insured Persons** means all past, present or future duly elected or appointed directors, officers, trustees, employees (including full time, part time, seasonal, temporary, leased or loaned employees), or committee members of **Named Entity** or any **Subsidiary**; volunteers acting on behalf of and at the specific direction of the **Named Entity** or any **Subsidiary**; or **Property Manager Employees**.
4. **Loss** means damages, settlements, judgments (including any award of pre-judgment and post-judgment interest) and **Defense Costs** for which the **Named Entity Insureds** are legally obligated to pay on account of a covered **Claim**. **Loss** shall not include:
 - a. criminal or civil fines or penalties imposed by law;
 - b. taxes;
 - c. any amounts for which there is no legal recourse against the **Named Entity Insureds**; or
 - d. matters which are uninsurable under the law pursuant to which this Policy is construed.

Loss shall include punitive, exemplary or multiple damages, if insurable, to the fullest extent permitted by any applicable law.
5. **Publishers' Wrongful Act** means a **Wrongful Act** that is:
 - a. copyright, trademark, trade name, trade dress or service mark infringement;
 - b. unauthorized use of title;
 - c. plagiarism; or

- d. misappropriation of ideas.
6. **Property Manager Services** means the following services provided by the **Property Manager** for **Named Entity** for a fee:
- a. development and implementation of management plans and budget;
 - b. oversight of physical maintenance of property;
 - c. solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
 - d. development, implementation and management of loss control and risk management plans for real property;
 - e. development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property;
 - f. feasibility studies and recommendations regarding maintenance, repairs, renovations or alterations of managed premises, provided said maintenance, repairs, renovation or alterations do not involve the services of an architect; and
 - g. personnel administration and record keeping, including tax filings, in connection with a managed property.
7. **Specified Peril** means aircraft or self propelled missiles; explosion; fire; lightning; flood, surface water, waves, tidal water, overflow of a body of water or spray from any of the foregoing, even if driven by wind; hail; leakage from fire equipment; mechanical breakdown; smoke; soil, subsoil or earth movement or subsidence; whether by earthquake, landslide, mudslide, volcanic eruption or other natural or man-made causes; or wind.
8. **Wrongful Act** means any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty committed or attempted by:
- a. the **Insured Persons** in their capacity as such, or any matter claimed against the **Insured Person** solely by reason of serving in such capacity;
 - b. any **Named Entity** or **Subsidiary**; or
 - c. a **Property Manager**, but solely in the capacity as a **Property Manager** performing **Property Manager Services**,
- including but not limited to any **Publishers' Wrongful Act**, any **Wrongful Employment Practice**, and any **Wrongful Personal Injury**.
9. **Wrongful Employment Practice** means any **Wrongful Act** constituting or relating to:
- a. wrongful dismissal or discharge or termination of employment, whether actual or constructive;
 - b. employment-related misrepresentation;
 - c. violation of any federal, state or local laws (whether common-law or statutory) concerning employment or discrimination in employment, including the Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1866;
 - d. sexual harassment or other unlawful harassment in the work place;
 - e. wrongful deprivation of career opportunity or failure to employ or promote;
 - f. wrongful discipline of employees;
 - g. retaliation against employees for the exercise of any legally protected right or for engaging in any legally protected activity;
 - h. negligent evaluation of employees;

- i. failure to adopt adequate workplace or employment policies and procedures;
 - j. employment-related defamation or invasion of privacy; or
 - k. employment-related wrongful infliction of emotional distress.
10. **Wrongful Personal Injury** means a **Wrongful Act** of :
- a. false arrest, wrongful detention or imprisonment;
 - b. malicious prosecution;
 - c. libel, slander or other defamation;
 - d. publication or an utterance in violation of an individual's right to privacy;
 - e. wrongful entry or eviction, or other invasion of the right to private occupancy; or
 - f. discrimination, other than employment related discrimination.

III. EXCLUSIONS

1. Exclusions Applicable to all Loss

The Insurer shall not be liable to pay any **Loss** in connection with any **Claim**:

- a. based upon, directly or indirectly arising out of, or in any way involving any:
 - (1) actual or alleged bodily injury, sickness, disease, emotional distress, mental anguish or death of any person (except employment-related wrongful infliction of emotional distress in a **Claim** for a **Wrongful Employment Practice**);
 - (2) actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of **Fungi** or **Microbes**; or the actual, alleged or threatened failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of or in any way respond to, assess the effects of or advise of the existence of any **Fungi** or **Microbes**. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the **Losses** claimed;
 - (3) **Construction Defect**;
 - (4) **Specified Peril** (except that part of **Loss** which constitutes **Defense Costs** in a **Claim** for such **Specified Peril**); or
 - (5) damage to tangible property; loss of use or view, or destruction or deterioration of any tangible property; or failure to supervise, repair or maintain tangible property. However, this exclusion shall not apply to that part of **Loss** which constitutes **Defense Costs** in **Claims** for (a) decisions by the board of the **Named Entity** or any committee thereof to impose assessments upon residents, unit owners or members of the **Named Entity**; or (b) decisions of the board of the **Named Entity** in approving or rejecting the request to make physical changes to tangible property, but in no event decisions relating to the execution or quality of such physical changes;
- b. based upon, directly or indirectly arising out of, or in any way involving:
 - (1) any **Wrongful Act** or any matter, fact, circumstance, situation, transaction, or event which has been the subject of any notice given under any prior policy, in whole or in part, regardless of whether such prior policy affords coverage; or

- (2) any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in (1) above, would constitute **Interrelated Wrongful Acts**;
- c. based upon, directly or indirectly arising out of, or in any way involving or constituting any civil, criminal, administrative or regulatory proceeding, investigation or arbitration against any of the **Named Entity Insureds**:
 - (1) pending prior to the applicable Prior or Pending Date set forth in the Coverage Schedule of the Declarations; or
 - (2) which has been the subject of any notice given under any prior policy, regardless whether such prior policy affords coverage for such proceeding, investigation, or arbitration;or any fact, circumstance, situation, transaction or event underlying or alleged in such proceeding, investigation or arbitration;
- d. based upon, directly or indirectly arising out of, or in any way involving: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **Named Entity Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to **Named Entity** or any **Subsidiary**, their security holders, or their creditors resulting from any of the aforementioned matters; provided however, this exclusion shall not apply to any **Claim** for retaliatory treatment of the claimant by the **Named Entity Insureds** on account of the claimant's actual or threatened disclosure of the matters described in this exclusion;
- e. for any **Wrongful Act** by **Insured Persons** in the discharge of their duties in their capacities, or solely by reason of their status, as directors, officers, trustees, regents, governors or employees of any entity other than **Named Entity**, any **Subsidiary** or the **Property Manager**, even if directed or requested by **Named Entity**, any **Subsidiary** or the **Property Manager** to serve as directors, officers, trustees, regents, governors or employees of such other entity;
- f. where it is established in a final adjudication by the judge, jury or arbitrator in such **Claim** that such **Named Entity Insured** gained any profit, remuneration or pecuniary advantage to which they were not legally entitled. For purposes of determining the applicability of this exclusion, the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person**, and only facts pertaining to and knowledge possessed by an **Executive Officer** shall be imputed to the **Named Entity**, any **Subsidiary** or **Property Manager** for the purpose of determining if coverage is available;
- g. where it is established in a final adjudication by the judge, jury or arbitrator in such **Claim** that such **Named Entity Insured** committed any fraudulent or criminal **Wrongful Act** with actual knowledge of its wrongful nature or with intent to cause damage. For purposes of determining the applicability of this exclusion, the **Wrongful Act** of an **Insured Person** shall not be imputed to any other **Insured Person**, and only facts pertaining to and knowledge possessed by an **Executive Officer** shall be imputed to the **Named Entity**, any

- Subsidiary** or **Property Manager** for the purpose of determining if coverage is available;
- h. based upon, directly or indirectly arising out of, or in any way involving a lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations, or the Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto, or any similar federal, state, local or common law;
 - i. based upon, directly or indirectly arising out of, or in any way involving any actual or alleged violation of (i) **ERISA or any Similar Act**; (ii) any law governing workers' compensation, unemployment insurance, social security, disability or similar law, (iii) the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), (iv) the Fair Labor Standards Act (except the Equal Pay Act), (v) the National Labor Relations Act, (vi) the Occupational Safety and Health Act of 1970 (OSHA), or (vii) any similar federal, state or local law. However, this exclusion shall not apply to any **Claim** for retaliatory treatment of the claimant by the **Named Entity Insureds** on account of claimant's exercise of a right pursuant to any such laws;
 - j. by or derivatively on behalf of the **Named Entity** or any **Subsidiary**;
 - l. for:
 - (1) any **Wrongful Act** by **Insured Persons** of any **Subsidiary** occurring before the date such entity became a **Subsidiary**, or
 - (2) any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in (1) above, would constitute **Interrelated Wrongful Acts**;
 - m. for:
 - (1) a **Named Entity Insured's** actual or alleged liability under any oral or written contract or agreement, including but not limited to express warranties or guarantees. Provided, however, that this exclusion shall not apply to any **Claim** for liability under an employment contract;
 - (2) liability of others assumed by the **Named Entity Insured** under any oral or written contract or agreement,except that coverage otherwise available to a **Named Entity Insured** shall apply to such **Named Entity Insured's** liability that exists in the absence of such contract or agreement; or
 - n. made against any of the **Insureds** in their capacity as sponsors, builders or developers of the **Named Entity**, or based upon, directly or indirectly arising out of, or in any way involving any actual or alleged misconduct of a sponsor, builder or developer of the **Named Entity**, including but not limited to actual or alleged conflict of interest, self-dealing, or disputes concerning conversion, construction or development.

2. Exclusions Applicable to **Loss** other than **Defense Costs**

The Insurer shall not be liable to pay that portion of **Loss**, other than **Defense Costs**, which constitutes:

- a. the cost of any non-monetary relief, including without limitation any costs associated with any injunctive relief of any kind or nature imposed by any judgment or settlement;

- b. the costs associated with providing any reasonable accommodations required by, made as a result of, or to conform with the requirements of, the Americans With Disabilities Act and any amendments thereto or any similar federal, state or local statute, regulation, or common laws;
- c. medical or insurance benefits to which the claimant allegedly was entitled or would have been entitled had **Named Entity** or any **Subsidiary** provided the claimant with a continuation or conversion of insurance; or
- d. **Loss** arising out of the failure to maintain or effect insurance.

3. Exclusions Applicable to Property Manager

The Insurer shall not be liable to pay any **Loss** of the **Property Manager** based upon, directly or indirectly arising out of, or in any way involving:

- a. the commingling, misappropriation or improper use of, or failure to pay, collect, or safeguard funds;
- b. advice as to property value;
- c. the transfer or failure to transfer funds;
- d. notarization certification or acknowledgment of a signature;
- e. any cease and desist order; or
- f. the failure to give timely notice of claim or loss under any insurance policy
- g. any **Claim** brought by or derivatively on behalf of the **Named Entity Insured** against a **Property Manager** or a **Property Manager Employee**.

I. INSURING AGREEMENTS

1. **Employee Theft**

The Insurer will pay the **Named Entity**, any **Subsidiary** and any **Plan** for loss of, and loss from damage to, Covered Property resulting directly from a Covered Cause of Loss.

- a. Covered Property: **Money, Securities, and Property Other Than Money and Securities.**
- b. Covered Cause of Loss: **Employee Theft.**

The Insurer will provide the following coverages to the **Named Entity** and any **Subsidiary**:

2. **Forgery or Alteration**

The Insurer will pay for loss involving Covered Instruments resulting directly from a Covered Cause of Loss.

- a. Covered Instruments: Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in **Money** that are actually or purportedly:
 - (1) made or drawn by or drawn upon the **Named Entity** and any **Subsidiary**;
 - (2) made or drawn by one acting as an agent for the **Named Entity** and any **Subsidiary**
- b. Covered Cause of Loss: **Forgery or Alteration** of, on or in any Covered Instrument.
- c. Coverage Extension: If the **Named Entity** and any **Subsidiary** are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and the **Named Entity** and any **Subsidiary** have the Insurer's prior written consent to defend against the suit, the Insurer will pay for any reasonable legal expenses that the **Named Entity** and any **Subsidiary** incur and pay in that defense. The amount the Insurer will pay under this extension is in addition to the Limit of Insurance applicable to this Insuring Agreement and is not subject to the Retention.

Mechanically reproduced facsimile signatures shall be deemed handwritten signatures.

3. **Theft, Disappearance and Destruction**

The Insurer will pay for loss of Covered Property resulting directly from a Covered Cause of Loss.

- a. Section 1--Inside the Premises
 - (1) Covered Property: **Money and Securities** inside the **Premises** or a **Banking Premises.**
 - (2) Covered Causes of Loss:
 - (a) **Theft**
 - (b) Disappearance
 - (c) Destruction

(3) Coverage Extensions:

(a) 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:

- (i) **Theft** of, or
- (ii) unlawful entry into,
those containers.

(b) Premises Damage: 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 **Named Entity** and any **Subsidiary** are the owner of the **Premises** or are liable for damage to it.

b. Section 2--Outside the Premises

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

(2) Covered Causes of Loss:

- (a) **Theft**
- (b) Disappearance
- (c) Destruction

(3) Coverage Extension:

The Insurer will pay for loss of Covered Property resulting directly from a 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 that the **Named Entity** and any **Subsidiary** cannot recover:

- (a) Under the **Named Entity** and any **Subsidiary's** contract with the armored motor vehicle company; and
- (b) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

4. **Computer Fraud and Wire Transfer Communication Fraud**

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

a. Covered Property: **Money, Securities and Property Other Than Money and Securities.**

b. Covered Cause of Loss: **Computer Fraud.**

It is a condition of coverage for loss from an account of the **Named Entity** and any **Subsidiary** at a banking institution that the **Named Entity Insureds** authorize, pursuant to written agreements with such banking institutions, the electronic or wire transfer of Covered Property at the **Named Entity** and any **Subsidiary**'s request that:

- a. Contains a listing of the **Named Entity** and any **Subsidiary's Employees** who are authorized to initiate wire transfers;
- b. Requires that the banking institution verify by telephone conversation with the **Named Entity** and any **Subsidiary's** authorized **Employees** any electronic or wire transfer instructions communicated by the **Named Entity** and any **Subsidiary** other than:
 - (1) **Prearranged Transfers**; or
 - (2) transfers made through an automated teller machine, before transferring Covered Property;
- c. Requires the banking institution to confirm completed transfers in writing to the **Named Entity** and any **Subsidiary** within five working days; and
- d. Does not impair the **Named Entity** and any **Subsidiary's** right of action against the banking institution for any loss of Covered Property resulting from failure to exercise reasonable care or to comply with the **Named Entity** and any **Subsidiary's** communication instructions.

II. DEFINITIONS

For purposes of this **Coverage Part**:

1. **Alteration** means the material modification of an original document by a person acting without authority and with intent to deceive.
2. **Banking Premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
3. **Computer Fraud** means:
 - a. **Theft** of Covered 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**; and
 - b. **Theft of Money** or **Securities** following and directly related to use of written or verbal instructions which are purported to have been made by the **Named Entity Insureds**, to fraudulently cause an electronic transfer of that property from the **Banking Premises** to:
 - (i) another account, except an account controlled by the **Named Entity Insureds**, within the **Banking Premises**; or
 - (ii) a person (other than a **Messenger**) or place outside the **Banking Premises**.

4. **Custodian** means the **Named Entity Insureds**, any of their 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.
5. **Employee** means:
 - a. Any natural person while in **Named Entity's** or any **Subsidiary's** service (and for 30 days after termination of service), if **Named Entity's** or any **Subsidiary's** (i) compensates such natural person directly by salary, wages or commissions, and (ii) has the right to direct and control such natural person while performing services for the **Named Entity** or any **Subsidiary** ; or
 - b. Any natural person performing services for **Named Entity** or any **Subsidiary** on a leased, loaned, volunteer, non-compensated, temporary or part-time basis, but only while and to the extent such persons are subject to **Named Entity** or any **Subsidiary** direction and control and performing services for **Named Entity** or any **Subsidiary** , including but not limited to **Property Manager**; or
 - c. With respect to any **Plan**:
 - (i) A natural person who is a trustee, officer, employee or a manager, except an administrator or a manager who is an independent contractor; and
 - (ii) A natural person who is a director or trustee of the **Named Entity** or any **Subsidiary**, while handling funds or other property of the **Plan**.However, **Employee** does not mean any sponsor, developer, or developer of the **Named Entity** or any **Subsidiary**.
6. **Employee Theft** means the unlawful taking of Covered Property to the deprivation of the **Insured**, where such unlawful taking is committed by an **Employee** acting alone or in collusion with others.
7. **Forgery** means the signing of the name of another person or organization, including a facsimile signature, without authority and with intent to deceive; but it does not include a signature consisting in whole or in part of one's own name, signed with or without authority, in any capacity, for any purpose.
8. **Messenger** means an **Employee** of the **Named Entity Insureds** , or any of **Named Entity Insured's** partners while having care and custody of the property outside the **Premises**.
9. **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.
10. **Plan** means any of the **Named Entity's** or **Subsidiaries'** Employee Welfare or Pension Plan which is subject to the provisions of ERISA.
11. **Prearranged Transfer** means an electronic transfer which is part of a regular or scheduled series of electronic transfers, authorized by written agreement, to a designated banking institution specifying:
 - a. the amount of Covered Property to be transferred; and
 - b. account number to be credited.

12. **Premises** means the interior of that portion of any building that the **Named Entity Insureds** occupy in conducting its business.
13. **Property Other Than Money and Securities** means any tangible property, other than **Money** or **Securities**, that has intrinsic value, but does not include any property listed in any **Crime Coverage Part** as property which is not covered.
14. **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 **Named Entity Insureds**; but does not include **Money**.
15. **Theft** means any act of stealing.
16. **Wire Transfer Communication Fraud** means **Theft** of Covered Property following and directly related to use of written or verbal instructions which are purported to have been made by you, to fraudulently cause an electronic transfer of that property from the **Banking Premises** to:
 - a. another account, except an account controlled by you, within the **Banking Premises**; or
 - b. a person (other than a messenger) or place outside the **Banking Premises**.

III. EXCLUSIONS

The Insurer shall not be liable to pay the following loss under this Crime Coverage Part:

1. Acts committed by any sponsor, builder, or developer of the **Named Entity Insureds**, while acting in their capacity as a sponsor, builder or developer.
2. Loss caused by any **Employee** by acts committed after the **Named Entity Insureds** or any of its directors or officers not in collusion with the **Employee** first learn of any dishonest act committed by the **Employee**, whether before or after becoming employed by the **Named Entity Insureds**.
3. Loss resulting from seizure or destruction of property by order of governmental authority.
4. Loss that is an indirect result of any Covered Cause of Loss including, but not limited to, loss resulting from:
 - a. The **Named Entity Insureds'** inability to realize income that **Named Entity Insureds** 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 **Named Entity Insureds** are legally liable. However, the Insurer will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. Payment of costs, fees or other expenses that the **Named Entity Insureds** incur in establishing either the existence or the amount of loss under this insurance.
5. Loss which is potential income, including but not limited to interest and dividends, not realized by the **Named Entity Insureds**.
6. Fees and expenses related to any legal action, except as may be provided under Subsection c of Insuring Agreement 2.

7. Loss resulting from any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that the **Named Entity Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to **Named Entity Insureds**, their security holders, or their creditors resulting from any of the aforementioned matters.
8. Loss resulting from actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of **Fungi** or **Microbes**; or the actual, alleged or threatened failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of or in any way respond to, assess the effects of or advise of the existence of any **Fungi** or **Microbes**. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the losses claimed.
9. Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
10. Under Insuring Agreement 1, loss caused by any **Employee** of the **Named Entity Insureds**, or predecessor in interest of the **Named Entity Insureds**, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.
11. Under Insuring Agreements 1 and 4, loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - a. an inventory computation; or
 - b. a profit and loss computation.
12. Loss resulting from any dishonest or criminal act committed by any **Named Entity Insureds's Employees**, directors, trustees or authorized representatives:
 - a. acting alone or in collusion with other persons; or
 - b. while performing services for the **Named Entity Insureds** or otherwiseHowever, this exclusion does not apply to Insuring Agreement 1.
13. Under Insuring Agreement 3, loss resulting from accounting or arithmetical errors or omissions.
14. Under Insuring Agreement 3, loss resulting from the giving or surrendering of property in any exchange or purchase.
15. Under Insuring Agreement 3, loss from damage to the **Premises** resulting from fire, however caused.
16. Under Insuring Agreement 3, loss of property contained in any money operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.
17. Under Insuring Agreement 3, loss of property after it has been transferred or surrendered to a person or place outside the **Premises** or **Banking Premises**:
 - a. On the basis of unauthorized instructions; or

- b. As a result of a threat to do:
 - (1) Bodily harm to any person; or
 - (2) Damage to any property.

However, this exclusion does not apply under Section 2 of Insuring Agreement 3 , or Section 2 of ins to loss of Covered Property while outside the **Premises** or **Banking Premises** in the care and custody of a **Messenger** if the **Named Entity Insureds**:

- (i) Had no knowledge of any threat at the time the conveyance began; or
 - (ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
18. Under Insuring Agreement 3, loss from damage to the **Premises** or its exterior, to property, or to containers of Covered Property by vandalism or malicious mischief.
19. Under Insuring Agreement 3, loss resulting from the **Named Entity Insureds** or anyone acting on its express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

IV. OTHER CONDITIONS

1. The property covered under this **Coverage Part** is limited to property:
- a. that the **Named Entity Insureds** own or hold; or
 - b. for which the **Named Entity** is legally liable.

However, this Coverage Part is for the **Named Entity Insured's** benefit only. It provides no rights or benefits to any other person or organization.

2. Valuation -- Settlement:
- a. Subject to the applicable Limit Of Insurance provision the Insurer will pay for:
 - (1) Loss of **Money** but only up to and including its face value. The Insurer may, at its 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 the Insurer's option:
 - (a) Pay the value of such **Securities** or replace them in kind, in which event the **Named Entity** must assign to the Insurer all of the **Named Entity Insureds'** 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 insurance.

- (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 the Insurer's option, pay the actual cash value of the property, or repair or replace it.

If the Insurer cannot agree with the **Named Entity Insureds** upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.
 - b. The Insurer may, at its option, pay for loss of, or loss from damage to, **Property Other Than Money and Securities**:
 - (1) in the **Money** of the country in which the loss occurred; or
 - (2) in the United States of America dollar equivalent of the **Money** of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
 - c. Any property that the Insurer pays for or replaces becomes the Insurer's property.
3. With respect to any **Plan** insured under this **Coverage Part** which is subject to the provisions of ERISA:
 - a. If any **Plan** is insured jointly with any other entity under this **Coverage Part**, the **Named Entity** or the **Plan** Administrator must select a Limit of Insurance for the Employee Dishonesty Insuring Agreement that is sufficient to provide an amount of insurance for each **Plan** that is at least equal to that required if each **Plan** were separately insured.
 - b. If the first **Named Insured** in the Declarations is an entity other than a **Plan**, any payment made to that first **Named Insured** for loss sustained by any **Plan** will be held by that first **Named Insured** for the use and benefit of the **Plans** sustaining the loss.
 - c. If two or more **Plans** are insured under this Coverage Part any payment made for loss:
 - (1) Sustained by two or more **Plans**; or
 - (2) Of commingled funds or other property of two or more **Plans** that arises out of one occurrence, is to be shared by each **Plan** sustaining loss, in the proportion that the amount of insurance required for each such **Plan** under ERISA provisions bears to the total of those amounts.
 - d. No Retention applies to loss that is covered under Insuring Agreement 1 sustained by a **Plan**.
4. If two or more Insuring Agreements of this Coverage Part apply to the same loss, the Insurer will pay the lesser of:
 - a. The actual amount of loss; or
 - b. The sum of the limits of insurance applicable to those Insuring Agreements.

5. If **Named Entity Insureds**, or any predecessor in interest, sustained loss during the period of any prior policy that it or the predecessor in interest could have recovered under that policy except that the time within which to discover loss had expired, Insurer will pay for it under this Policy, provided:
- a. This Policy became effective at the time of cancellation or termination of the prior policy; and
 - b. The loss would have been covered by this Policy had it been in effect when the acts or events causing the loss were committed or occurred.

The insurance under this condition is part of, not in addition to, the Limits of Insurance 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 policy had it remained in effect.

6. If any loss is covered:
- a. Partly by this Policy; and
 - b. Partly by any prior cancelled or terminated policy that Insurer or any affiliate had issued to **Named Entity Insureds** or any predecessor in interest; the most Insurer will pay is the larger of the amount recoverable under this Policy or the prior policy.
7. **Named Entity Insureds** shall keep records of all Covered Property so Insurer can verify the amount of any **Crime Loss**.