

# Crime Insurance

## Policy

To be solid, insurance must be flexible.

# Crime Insurance

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**Endorsements issued at inception are attached to the Schedule.**

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In consideration of payment of the premium and subject to the terms of this Policy, the **Insurer** and the **Policyholder** agree as follows:

## 1. Insuring Clauses

### Insuring Clause 1: Crime

The **Insurer** shall pay an **Insured's Financial Loss** resulting from a **Crime** which is not a **Social Engineering Fraud** where **Discovery** occurs during the **Policy Period**.

### Insuring Clause 2: Social Engineering Fraud

The **Insurer** shall pay an **Insured's Financial Loss** resulting from a **Crime** which is a **Social Engineering Fraud** where **Discovery** occurs during the **Policy Period**.

### Insuring Clause 3: Extortion

The **Insurer** shall pay an **Insured's Financial Loss** resulting from **Extortion** where **Discovery** occurs during the **Policy Period**.

### Insuring Clause 4: Expenses

The **Insurer** shall pay an **Insured's Expenses** resulting from a **Crime** (other than a **Remote Access Line Theft**) first **Discovered** during the **Policy Period**.

### Insuring Clause 5: Computer Violation

The **Insurer** shall pay an **Insured's Data Reproduction Expenses** resulting from a **Computer Violation** first **Discovered** during the **Policy Period**.

## Definitions

In this Policy, the word 'person(s)', wherever it appears, means legal or natural person(s) unless otherwise specified. When used in bold type in this Policy:

**Associated Company** means a company which is not a **Subsidiary** and:

- (a) in which the **Policyholder** or a **Subsidiary** directly holds any issued shares;
- (b) whose policies and procedures for security and internal controls are directed by the **Policyholder** or a **Subsidiary**; and
- (c) whose day-to-day management the **Policyholder** or a **Subsidiary** has the right to control.

**Attendance Cost** means the following costs in relation to a **Claim** and for which the **Insurer** shall compensate to the following extent:

- (a) for each day that an **Employee** (as defined in (a), (b) or (c) of the definition of **Employee**) who is innocent of the **Crime** to which the **Claim** relates attends a court or arbitration hearing as a witness, £150;

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- (b) £50 for each hour that an **Employee** (as defined in (a), (b) or (c) of the definition of **Employee**) who is innocent of the **Crime** to which the **Claim** relates is certified by the lawyers conducting the defence of the **Claim** as having been interviewed by them, and in their physical presence, for the purpose of composing a witness statement;
- (c) £50 for each hour that an **Employee** (as defined in (a), (b) or (c) of the definition of **Employee**) who is innocent of the **Crime** to which the **Claim** relates is certified by the lawyers conducting the defence of the **Claim** as having spent in a conference or consultation with a barrister when reasonably needed to do so;
- (d) £150 for each day that an **Employee** (as defined in (a), (b) or (c) of the definition of **Employee**) who is innocent of the **Crime** to which the **Claim** relates attends a court or arbitration hearing as observer, but the **Insurer** shall compensate for the attendance of only one observer for all **Insureds** together per day.

**Civil Partner** means a civil partner (as defined in the Civil Partnership Act 2004) or the foreign equivalent thereof.

**Claim** means:

- (a) a written demand; or
- (b) a civil proceeding including third party proceeding, counterclaim or arbitration proceeding or any other alternative dispute resolution process proceeding or notice,

made, following a **Crime** (as defined in (c) or (d) in the definition of **Crime**), against an **Insured** by a **Client** alleging that the **Insured** should be held to be legally liable for the **Client's Money, Securities or Property** which was lost in that **Crime**.

**Client** means a client or customer of an **Insured** or a supplier of goods and/or services to an **Insured** under written or electronic contract or for a fee.

**Computer Instructions** means an ordered set of coded information that, when executed by a **Computer System**, causes such **Computer System** to process **Data** or perform one or more operations.

**Computer System** means a computer and all input, output, processing, storage (including off-line media libraries), intranets and communication facilities including related communication or open systems networks and extranets which are connected directly or indirectly to such a device.

**Computer System** includes:

- (a) cloud computing and other online storage or virtual drive facilities for the sharing and synchronisation of digital content and data which are accessible through connections to the internet and/or private networks;
- (b) internet and multimedia smartphones and televisions and devices with similar capabilities; and
- (c) hand-held tablet computers with touchscreen interface.

**Computer Violation** means the criminal, fraudulent, unauthorised and/or malicious:

- (a) entry of **Data** and/or **Computer Instructions** into a **Computer System**;
- (b) modification or corruption or erasure of **Data** and/or **Computer Instructions**; or
- (c) introduction or activation of **Malicious Code** into a **Computer System**,

by an **Employee**.

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**Crime** means:

- (a) the criminal or fraudulent taking, obtaining or appropriation by any person of **Money, Securities or Property** to the deprivation of an **Insured**;
- (b) the physical destruction or disappearance of **Money, Securities or Property**:
  - (i) within or from the inside of a building used by an **Insured** for conducting its business;
  - (ii) while in the custody of an **Employee**; or
  - (iii) while in the custody of a person, including a **Financial Organisation**, expressly authorised by an **Insured** to have custody of such **Money or Securities**,  
caused by a criminal or fraudulent or malicious act of any person;
- (c) the criminal or fraudulent taking, obtaining or appropriation of **Money, Securities or Property** to the deprivation of a **Client** by an **Employee** whether or not in collusion with any employee of that **Client**;
- (d) the criminal or fraudulent taking, obtaining or appropriation of **Money, Securities or Property**, to the deprivation of a **Client**, in the custody, care or control of an **Insured** by a **Third Party** whether or not in collusion with any employee of that **Client**; or
- (e) a **Remote Access Line Theft**.

**Cryptocurrency** means digital currency not authorised or adopted by a sovereign government as part of its currency.

**Cyber Extortion** means a threat made solely and directly against an **Insured** by a person or group to:

- (a) disseminate, divulge or utilise any **Proprietary Information**;
- (b) alter, damage, destroy or render unusable any **Computer Data** or **Computer Instructions** owned by that **Insured** or for which that **Insured** is held legally liable;
- (c) disseminate, divulge or utilise a **Record**;
- (d) deny access to **Computer Systems**; or
- (e) introduce or activate **Malicious Code**.

where that person or group is demanding payment in exchange for the mitigation or removal of such threat and the **Insured** has, prior to surrender of money or property as ransom because of such threat, conducted a reasonable investigation and reasonably determined that such threat is technologically credible.

**Data** means information contained in a hard or soft document, manuscript, record, account, microfilm, tape, disk, flash memory or other record, whether or not contained in a **Computer System**.

**Data Reproduction Expenses** means reasonable expenses, other than an **Insured's** internal corporate costs, incurred by an **Insured** with the **Insurer's** prior written consent to reproduce or reconstitute **Data**.

**Defence Costs** means reasonable expenses, other than an **Insured's** internal corporate costs, incurred by an **Insured** with the **Insurer's** prior written consent which shall not be unreasonably withheld, delayed or denied in defending, investigating, negotiating or settling a **Claim**, including the defence or pursuit of any appeal from a final award of a court, tribunal or alternative dispute resolution process binding on the **Insured**.

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**Discovered** and **Discovery** have different meanings for the purposes of different Insuring Clauses:

- (a) for the purposes of Insuring Clauses 1, 2 and 4, **Discovered** means learnt of, and **Discovery** means the learning of, by learning of, by a director, officer or **Insurance Representative** of an **Insured** that there has been a **Crime**, including but not limited to a **Crime**:
  - (i) which occurred prior to the **Policy Period**;
  - (ii) which results in **Loss** totalling less than the applicable Deductible stated in Item 3 of the Schedule; or
  - (iii) where the exact amount and details of the **Financial Loss** are unknown;
- (b) for the purposes of Insuring Clause 3, **Discovered** means learnt of, and **Discovery** means the learning of, by an **Insurance Representative** of an **Insured** that there has been an **Extortion**, including but not limited to one which occurred prior to the **Policy Period**; and
- (c) for the purposes of Insuring Clause 5, **Discovered** means learnt of, and **Discovery** means the learning of, by an **Insurance Representative** of an **Insured** that there has been a **Computer Violation**, including but not limited to one which occurred prior to the **Policy Period**.

**Employee** means a natural person who:

- (a) works for, or has entered into a contract of service with, any **Insured** and whom such **Insured** compensates by salary, wages, commissions, or other form of financial remuneration and whom the Insured has the right to govern and direct in the performance of such service;
- (b) is a director or trustee of the **Insured** whilst performing acts coming within the scope of the usual duties of an employee of the **Insured**;
- (c) is a director or trustee of the **Insured** whilst acting as a member of a committee duly elected or appointed by resolution of the **Insured's** board of directors to perform specific, as distinguished from general, directorial acts on behalf of the **Insured**;
- (d) is a part-time or temporary employee performing the duties of an employee under the **Insured's** supervision;
- (f) is a student, secondee or volunteer pursuing studies, gaining work experience or performing the duties of an employee under the **Insured's** supervision;
- (g) is a trustee, fiduciary, administrator or officer of a **Plan**;
- (h) is a person provided to the **Insured** by an employment agency (or similar source) to perform the duties of an employee under the **Insured's** supervision; or
- (i) is an **Outsourced Provider** or an employee of an **Outsourced Provider**.

**Event** means a **Crime** or **Computer Violation**.

**Expenses** means:

- (a) reasonable expenses, other than an **Insured's** internal corporate costs, incurred by an **Insured** with the **Insurer's** prior written consent:

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- (i) to establish the existence and amount of any covered, or potentially covered, **Financial Loss** payable by the **Insurer** in excess of the Deductible stated in Item 3 of the Schedule, including investigative specialists at the appointment of the **Insurer**; or
- (ii) to repair or replace to a substantially similar standard a safe or vault, security system or other physical defences damaged as a result of a **Crime**; or
- (b) in the event of **Forgery** or alteration of a **Financial Instrument**, reasonable court costs and lawyers' fees incurred and paid with the **Insurer's** prior written consent in defending an **Insured's** bank in any legal proceeding brought against it to enforce payment of that **Financial Instrument**;
- (c) the amount which an **Insured** is contractually required to pay to its **Client** wholly as a result of a **Crime** (as defined in (c) or (d) in the definition of **Crime**) first discovered during the **Policy Period** (but not including damages for breach of contract and not including the value of the **Money**, **Securities** or **Property** which has been taken, appropriated or obtained);
- (d) in respect of **Money** lost as a result of a **Crime** (as defined in (a) or (b) of the definition of **Crime**) and covered by this Policy, interest incurred by an **Insured** on that **Money** for the period between when the **Crime** occurred and when it was first **Discovered**, calculated at the London Inter Bank Offer Rate as published in The Financial Times on the date the **Crime** was first **Discovered**;
- (e) **Defence Costs**;
- (f) **Attendance Cost**;
- (g) **Public Relations Expenses**;
- (h) **Data Reproduction Expenses**.

**Extortion** means **Property Extortion** or **Extortion By Detention** but not **Cyber Extortion**.

**Extortion By Detention** means:

- (a) a wrongful detention of an **Employee** or an **Employee's Relative**, against their will or by deception, by a person making a demand to that **Employee** that they surrender (in exchange for the release of that **Employee** or **Relative**) **Money**, **Securities** or **Property** located on premises occupied by an **Insured** for conducting its business; or
- (b) a claim made to an **Employee** by a person making such a demand, to have carried out such a detention of a **Relative** of that **Employee**.

not involving any dishonesty by that **Employee**.

**Extortion Crime** means a **Crime** (as defined in (a) of the definition of **Crime**) committed by means of **Property Extortion** or **Extortion By Detention**.

**Extortion Financial Loss** means **Financial Loss** resulting from a **Property Extortion** or **Extortion By Detention**.

**Fake Person** means a person purporting or claiming to be, or impersonating:

- (a) an **Employee** authorised to instruct other **Employees** to transfer, pay or deliver **Money** or **Securities**;
- (b) a **Vendor**; or
- (c) a **Client**,

but who is not such **Employee**, **Vendor** or **Client**.



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**Financial Instrument** means a cheque, draft or similar written promise, order or direction to pay a sum certain in money, that is made, drawn by or drawn upon an **Insured** or by anyone acting as an **Insured's** agent, or that is purported to have been so made or drawn.

**Financial Loss** means:

- (a) with respect to a **Crime** as defined in (a) of the definition of **Crime**, the value of the **Money, Securities** or **Property** which has been taken, appropriated or obtained;
- (b) with respect to a **Crime** as defined in (b) of the definition of **Crime**, the value of the **Money, Securities** or **Property** which has been destroyed or has disappeared;
- (c) with respect to a **Crime** as defined in (c) or (d) of the definition of **Crime**, the value of the **Money, Securities** or **Property** which has been taken, appropriated or obtained and for which the **Insured** is legally obliged to pay to a **Client** (subject to a maximum value equal to the reasonably assessed percentage amount of participation in the **Crime** of persons who are not employees of the **Client**);
- (d) with respect to a **Crime** as defined in (e) of the definition of **Crime**, **Line Theft Loss**.

**Financial Organisation** means any bank, building society, credit institution, friendly society, financial institution, investment firm, asset management company, undertaking for collective investment and/or any similar organisation.

**Forgery** means the signing by hand of another person's name with the intent to deceive, but does not mean the signing of one's own name, with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated as hand-written signatures.

**Funds** means account balances held with a **Financial Organisation** and which are convertible into currency, coin and/or banknotes.

**Insurance Representative** means an **Employee** designated to represent an **Insured** to effect and maintain insurance.

**Insured** means the **Policyholder**, a **Subsidiary**, an **Associated Company** or a **Plan**.

**Line Theft Loss** means line usage charges incurred by an **Insured** solely because of **Remote Access Line Theft**.

**LLP** means a limited liability partnership formed under the Limited Liability Partnerships Act 2000 or the Limited Liability Partnerships Act (Northern Ireland) 2002 or geographical equivalent.

**Loss** means **Financial Loss** and **Expenses**.

**Malicious Code** means any unauthorised, corrupting or harmful software code, including but not limited to computer viruses, Trojan horses, keystroke loggers, spyware, adware, worms and logic bombs.

**Member** means a member of an **LLP**.

**Money** means currency, coin, bank notes, bullion, cheques, travellers' cheques, registered cheques, postal orders, money orders held for sale to the public or **Funds**, but not **Cryptocurrency**.

**Non-investment Third Party** means a **Third Party** which is not a provider of investment management services or investment advisory services.

**Outsourced Provider** means the retention and authorisation by the **Insured** of a person or an organisation to perform or provide administrative support functions (including but not limited to property management services, record keeping, payroll, cleaning and guard services) on behalf of the **Insured**, provided that:

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- (a) such function is performed under a written or electronically recorded agreement;
- (b) that **Insured** retains the right to audit the performance of such function; and
- (c) that **Insured** can demonstrate that it has vetted the person or organisation for competency and financial stability prior to the retention of such person or organisation by the **Insured**.

**Partnership Assets** means the total value of the assets of a partnership of any kind.

**Partnership Equity** means the total of the equity interests in a partnership of any kind.

**Plan** means:

- (a) a pension scheme, benefit plan or programme, welfare benefit, share save or share option plan established and maintained by, or on behalf of, the **Policyholder** for the benefit of the past, present and future employees of the **Insured** or their respective beneficiaries; or
- (b) any organisation with a social or cultural objective which is founded and currently supported by the **Policyholder**.

**Policyholder** means the organisation stated in Item 1 of the Schedule.

**Policy Period** means the period of time stated in Item 4 of the Schedule but subject to prior termination when cover terminates in accordance with Section 5.9 below.

**Property** means tangible property other than **Money** and **Securities**.

**Property Extortion** means a threat made solely and directly against an **Insured** by a person or group to:

- (a) damage or destroy any **Property** owned or leased by an **Insured**;
- (b) damage or destroy any **Property** for which an **Insured** is legally liable and which is located on premises occupied by an **Insured** for conducting its business;
- (c) contaminate any product manufactured or distributed by an **Insured**; or
- (d) to make known to persons outside all **Insureds** that a product manufactured or distributed by an **Insured** has been contaminated or is the subject of a threat to contaminate it,

where that person or group is demanding payment in exchange for the mitigation or removal of such threat.

**Proprietary Information** means any trade secrets, security or access codes, customer information, patents, processing methods, data, design, interpretation, forecast, formula, method, practice, process, record, report or other item of information which is in the custody or control of the **Insured**, is not available to the general public and is:

- (a) provided to the **Insured** under a mutually agreed written confidentiality/non-disclosure agreement; or
- (b) marked "confidential" or otherwise specifically designated in writing as "confidential".

**Public Relations Expenses** means the reasonable cost of an independent public relations consultant or crisis management consultant which are incurred by the **Policyholder** with the **Insurer's** prior written consent for making a public communication with respect to, or for preventing or minimising business disruption and adverse publicity resulting from, a **Crime** first **Discovered** during the **Policy Period** and which are incurred during the first 180 days following the giving of written notice of that **Crime** to the **Insurer** pursuant to Section 5.1 below.

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**Record** means a natural person's first name or initial combined with their last name and with any of the following which is intended by an **Insured** to be accessible only by persons it has specifically authorised:

- (a) a national insurance number, social security number, national health service number, driving licence number or other personal identification number (including an employee identification number or student identification number);
- (b) a financial account number (including a bank account number, pension scheme number, or medical insurance policy number);
- (c) a credit, debit or payment card number; or
- (d) any information relating to the employment of that natural person by an **Insured**.

**Relative** means a person who is, in relation to an **Employee**, a spouse, **Civil Partner**, sibling, ancestor, spouse's or **Civil Partner's** ancestor, lineal descendant or lineal descendant's spouse or **Civil Partner**. Lineal descendants include adopted children, foster children and stepchildren. Lineal ancestors include adoptive parents and stepparents.

**Remote Access Line Theft** means the unauthorised and criminal use by any person, from a location other than premises occupied by an **Insured** for conducting its business, of telephone lines rented or subscribed to by an **Insured**.

**Robbery** means the criminal taking of **Money**, **Securities** or **Property** by violence or threat of violence from the custody of an **Employee**, or from the custody of a person who is expressly authorised by the **Insured** to have custody of such **Money**, **Securities** or **Property** and who has insurance, or provides indemnity, for such loss.

**Securities** means negotiable and non-negotiable instruments or contracts representing either **Money** or other property and includes notes, stocks, bonds, debentures, evidences of indebtedness or liability, share certificates and evidences of other equity or debt security.

**Social Engineering Fraud** means a **Crime**:

- (a) which is committed by means of a **Fake Person** deceiving an **Employee** into transferring, paying or delivering **Money**, **Securities** or property; or
- (b) which involves a **Third Party** deceiving an **Employee** into providing any security detail for operating or having access to an account held by an **Insured** with a **Financial Organisation**.

**Subsidiary** means an organisation which is:

- (a) a company in which the **Policyholder** directly and/or indirectly:
  - (i) holds a majority of the voting rights;
  - (ii) has the right to appoint or remove a majority of the board of directors; or
  - (iii) controls alone, pursuant to a written agreement with other shareholders, a majority of the voting rights; or
- (b) an **LLP** in which all the **Members** consist of:
  - (i) **Insureds** other than **Associated Companies** and **Plans**; and/or
  - (ii) appointees of **Insureds** (but not of **Associated Companies** or **Plans**) who exercise all their membership rights in the **LLP** in accordance with such **Insureds'** directions.

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**Subsidiary** shall also include subsidiary companies of **Insureds** other than **Associated Companies** and **Plans**.

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

**Trading** means the purchase, sale or exchange transactions, repurchase agreements or other dealings by or on behalf of the **Insured** concerning securities, metals, commodities, funds, currencies, foreign exchange and interests therein, and the like, together with all forms of **Derivatives** but shall not include the purchase of inventory in the normal course of the **Insured's** business.

**Vendor** means a person that provides, or has provided, goods or services to an **Insured** under a legitimate pre-existing arrangement or written agreement.

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### 2. Exclusions and Remote Access Line Theft Precautions

#### 2.1 Exclusions

The **Insurer** shall not be liable for:

- (a) **Loss** resulting from the criminal taking, obtaining or appropriation of trade secrets, confidential processing methods or other confidential information of any kind (but this exclusion shall not apply to any other **Crime** facilitated or perpetrated through the use of such secrets, methods or information);
- (b) **Loss** resulting from an **Event** committed by any person controlling at any time more than 25% of the issued share capital, or having at any time more than 25% of the **Partnership Equity** or the **Partnership Assets**, of an **Insured** (where a **Loss** would, but for this exclusion, be covered by this Policy, then the **Insurer** shall pay so much of the **Loss** as exceeds the value of that person's shareholding, **Partnership Equity** or **Partnership Assets** valued on the day immediately preceding the date of **Discovery**);
- (c) **Loss** sustained by one **Insured** to the advantage of any other **Insured**;
- (d) **Loss** resulting from declared or undeclared war, civil war, insurrection, riot, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalisation;
- (e) interest (except **Expenses**), gains, profits or other income;
- (f) indirect or consequential loss of any kind (but this exclusion shall not apply to **Loss**);
- (g) **Loss** resulting from any **Event** committed by an **Employee** after a director or officer of the **Policyholder** or an **Insurance Representative** acquires knowledge of:
  - (i) an **Event**, fraud or dishonesty by that **Employee** whilst being an **Employee**; or
  - (ii) fraud or dishonesty committed by that **Employee** when not being an **Employee** and involving any assets worth £15,000 or more; or
  - (iii) unauthorised and criminal use by that **Employee**, when not being an **Employee**, of telephone lines rented or subscribed to by a person other than that **Employee**.
- (h) **Loss** resulting directly or indirectly from any authorised or unauthorised **Trading** whether or not in the name of an **Insured** and whether in a genuine or fictitious account, but this exclusion shall not apply to:
  - (i) **Loss** resulting from a **Crime**, as defined in (a) in the definition of **Crime**, which constitutes the amount of improper personal financial gain thereby accruing to an **Employee** or to any other person intended by an **Employee** to receive improper personal financial gain – 'improper personal financial gain' does not include salary, commissions, fees, or other emoluments, including but not limited to promotions and raises, paid by an **Insured** to an **Employee**); or
  - (ii) **Loss** resulting from a **Crime** which is committed by a **Non-Investment Third Party** with the principal intent of obtaining, and which results in, improper personal financial gain for such **Non-investment Third Party**;
- (i) **Expenses** incurred by a **Third Party**;
- (j) **Line Theft Loss** resulting from unauthorised and criminal use of a mobile telephone line or connection or resulting from unauthorised and criminal use of a number, password or personal detail issued by, registered with or set up with a telecommunications provider for identifying a person and allowing access to and use of a telephone line.

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### 2.2 Remote Access Line Theft Precautions

All **Insureds** shall use best efforts to follow and maintain procedures and precautions recommended by providers of the telephone lines rented or subscribed to by the **Insureds** for preventing or minimising **Remote Access Line Theft**.

Upon discovery by an **Insured** (other than by a person who is committing or colluding in or intending to commit or collude in the **Remote Access Line Theft**) of a **Remote Access Line Theft** or of a security breach or other event which may lead to a **Remote Access Line Theft** or of someone's intention to commit a **Remote Access Line Theft**, that **Insured** shall use best efforts to prevent the **Remote Access Line Theft** and **Line Theft Loss** (or, where it has commenced, to prevent its continuation and to prevent further **Line Theft Loss**), including notifying the **Insurer** as soon as is reasonably practicable following discovery and notifying the providers of the lines as soon as is reasonably practicable and connections rented or subscribed to by that **Insured** of the discovery which that **Insured** has made.

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### 3. Subsidiaries, Associated Companies, Changes in Exposure, Extended Discovery Period

#### 3.1 Subsidiaries and Associated Companies

Should an organisation cease, during the **Policy Period**, to be a **Subsidiary** or an **Associated Company**, there shall nonetheless be cover under this Policy for that organisation until the end of the **Policy Period**, but that cover shall not be for **Events** occurring after such cessation.

Should an organisation have ceased, within the two years prior to the start of the **Policy Period**, to be a **Subsidiary**, there shall nonetheless be cover under this Policy for that organisation during the **Policy Period**, but:

- (a) only if, at the time of that cessation, there was in force an earlier crime policy issued by the **Insurer** to the **Policyholder**; and
- (b) that cover shall not be for **Events** occurring after the date of that cessation.

#### 3.2 Acquisition or Creation of Another Organisation

If, during the **Policy Period**, an **Insured**:

- (a) acquires securities or voting rights in another organisation which as a result of such acquisition becomes a **Subsidiary**;
- (b) creates an organisation which as a result of such creation becomes a **Subsidiary**; or
- (c) acquires any organisation by merger into or consolidation with that **Insured**,

then the organisation shall automatically become an **Insured** under this Policy with effect from the date of such acquisition or creation but shall not have cover for **Events** occurring before such acquisition or creation.

However, if such organisation has an amount of employees that increases the amount of employees of all **Insureds** together by more than 25%, the **Policyholder** shall give written notice of such acquisition or creation to the **Insurer** as soon as practicable and also such information as the **Insurer** may require. The **Insurer** shall have the right to amend the terms of this Policy including charging an additional premium.

#### 3.3 Acquisition of the Policyholder

If, during the **Policy Period**:

- (a) the **Policyholder** merges into or consolidates with another organisation (other than in accordance with Section 3.2(c) above); or
- (b) a person or persons acting in concert acquires ownership or voting control of more than 50% of the outstanding securities representing the present right to vote for the election of the members of the board of directors of the **Policyholder**,

cover for the **Insureds** shall continue until the end of the **Policy Period**, but not for **Events** occurring after such merger, consolidation or acquisition unless specifically agreed to by the **Insurer**.

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### 3.4 Insolvency

If, during the **Policy Period**, the **Policyholder**, a **Subsidiary** or **Associated Company** enters into winding up of any kind, administration, voluntary arrangement or any other insolvency procedure or if a receiver or holder of a similar position is appointed over any of its assets, cover for the **Insureds** shall continue until the end of the **Policy Period**, but not for **Events** occurring after the date of that entry or appointment.

### 3.5 Extended Discovery Period

- (a) Should the **Insurer**, other than for non-payment of premium, or the **Policyholder** refuse to renew this Policy, the **Insureds** shall automatically obtain an extended discovery period of 90 days, which shall run from the expiry date of the **Policy Period**. However:
  - (i) the **Insureds** shall not obtain that extended discovery period if any of the circumstances described in Section 3.3(a), 3.3(b) or 3.4 above has arisen; and
  - (ii) such discovery period shall only be in respect of **Crimes** which occurred prior to the expiration of the **Policy Period**.
- (b) If, before or during an extended discovery period obtained under Section 3.5(a) above, any **Insured** takes out any other crime insurance policy, that extended discovery period shall then come to an end (or, if not yet obtained, cease to be obtainable).
- (c) **Discovery** occurring during an obtained extended discovery period shall be deemed to be **Discovery** during the **Policy Period**.



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### 4. Payment of Loss

#### 4.1 Related Crimes and Related Computer Violations

All **Crimes** resulting from a single act or any number of acts in which the same person is concerned or implicated, whether such act or acts occurred before or during the **Policy Period**, shall be deemed to be a single **Crime** first **Discovered** on the date of first **Discovery** of the **Crime** which is **Discovered** first.

All **Extortion Crimes**:

- (a) related by a common committed, attempted or threatened act;
- (b) involving threats made contemporaneously against the same **Insured**;
- (c) involving threats made contemporaneously with regard to the same **Property**, product or type of product;;
- (d) involving threats made by the same person or group,

shall be deemed to be a single **Extortion Crime** first **Discovered** on the date of first **Discovery** of the **Extortion Crime** which is **Discovered** first.

All **Computer Violations** resulting from a single act or any number of acts in which the same person is concerned or implicated, whether such act or acts occurred before or during the **Policy Period**, shall be deemed to be a single **Computer Violation** first **Discovered** on the date of first **Discovery** of the **Computer Violation** which is **Discovered** first.

#### 4.2 Limits of Liability

In respect of each single **Crime**:

- (a) the **Insurer's** maximum liability under Insuring Clause 1 is the amount stated in Item 2(A) of the Schedule;
- (b) the **Insurer's** maximum liability under Insuring Clause 2 is the amount stated in Item 2(B) of the Schedule, which is part of and not in addition to the **Financial Loss** limit stated in Item 2(A) of the Schedule;
- (c) the **Insurer's** maximum liability under Insuring Clause 3 is the amount stated in Item 2(C) of the Schedule, which is part of and not in addition to the **Financial Loss** limit stated in Item 2(A) of the Schedule;
- (d) the **Insurer's** maximum liability under Insuring Clause 4 is the amount stated in Item 2(D) of the Schedule, which limit is in addition to, and not a part of, the **Financial Loss** limit stated in Item 2(A) of the Schedule;
- (e) the **Insurer's** maximum liability for **Attendance Costs** is the amount stated in Item 2(D)(i) of the Schedule, which is part of and not in addition to the **Expenses** limit stated in Item 2(D) of the Schedule;
- (f) the **Insurer's** maximum liability for **Public Relations Expenses** is the amount stated in Item 2(D)(ii) of the Schedule, which is part of and not in addition to the **Expenses** limit stated in Item 2(D) of the Schedule;
- (g) the **Insurer's** maximum liability for **Defence Costs** is the amount stated in Item 2(D)(iii) of the Schedule, which is part of and not in addition to the **Expenses** limit stated in Item 2(D) of the Schedule.

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Regardless of the number of times this Policy is renewed and of the total premium amounts due or paid, the limits of the **Insurer's** liability shall not be cumulative from year to year or policy period to policy period.

The limits of the **Insurer's** liability are maximum liabilities of the **Insurer** for all **Insureds** together, not maximum liabilities per **Insured**.

### 4.3 Deductibles

In respect of each single **Crime**:

- (a) the **Insurer** shall only be liable for that amount of **Loss** which exceeds the total of:
  - (i) the Deductible for each **Crime** stated in Item 3 of the Schedule; and
  - (ii) the amount of recoveries made prior to the **Insurer** making payment; and
- (b) if an **Insured** receives payment under another policy or bond after application of a deductible for **Loss** also covered by this Policy, the Deductible for each **Crime** stated in Item 3 of the Schedule shall, in respect of that **Crime**, be reduced by that deductible applied under the other policy or bond.

In respect of each single **Computer Violation**:

- (a) the **Insurer** shall only be liable for that amount of **Data Reproduction Expenses** which exceeds the total of:
  - (i) the Deductible for each **Computer Violation** stated in Item 3 of the Schedule; and
  - (ii) the amount of recoveries made prior to the **Insurer** making payment; and
- (b) if an **Insured** receives payment under another policy or bond after application of a deductible for **Data Reproduction Expenses** also covered by this Policy, the Deductible for each **Computer Violation** stated in Item 3 of the Schedule shall, in respect of that **Computer Violation**, be reduced by that deductible applied under the other policy or bond.

No Deductible shall apply to a **Plan** or under item (a) (i) of **Expenses**.

### 4.4 Valuation

For the purposes of establishing the amounts of **Financial Loss** payable by the **Insurer**, the following shall apply for valuation:

- (a) for **Securities**, the least of:
  - (i) the closing price of the **Securities** on the business day immediately preceding the day of **Discovery**;
  - (ii) the cost of replacing the **Securities**; and
  - (iii) the cost to post a lost instrument bond (which cost the **Insurer** shall pay on behalf of the **Insured**),

plus the loss of subscription, conversion, redemption or other similar privileges (the value of such privileges shall be the closing market value of such privileges immediately preceding the expiration thereof);

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- (b) for paper, microfilm, tapes, disks, computers and other material or means for storing information, the cost of such material or means as if blank and not the value of whatever is recorded therein;
- (c) for **Property**, the lesser of:
  - (i) the price paid by an **Insured** for the **Property**; and
  - (ii) the cash value of the **Property** on the day of **Discovery**;
- (d) for foreign currency, the Pound Sterling value of that currency based on the rate of exchange published in The Financial Times on the day of **Discovery**.

### 4.5 Other Insurance

This policy shall always apply excess over any other more specific valid and collectable insurance available to the **Insured**, other than any insurance specifically written to apply excess of this policy.

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### 5. General Terms

#### 5.1 Reporting and Proof of Loss

With respect to each **Event**:

- (a) the **Policyholder** shall give the **Insurer** written notice as soon as reasonably practicable after **Discovery** and in any event no later than 90 days after such **Discovery**;
- (b) within 6 months (or such additional period as may be agreed by the **Insurer**) after notification has been given to the **Insurer** in accordance with (a) above, the **Policyholder** shall provide a proof of loss, with full particulars, to the **Insurer**;
- (c) the **Insured** shall give to the **Insurer** all such information and co-operation as the **Insurer** may reasonably require, including but not limited to submitting to examination under oath at the **Insurer's** request and producing all pertinent records to the fullest extent legally permissible at such times and places as the **Insurer** shall reasonably require; and
- (d) the **Policyholder** may offer a comparison between an **Insured's** inventory records and an actual physical count of its inventory to prove the amount of **Financial Loss**, but only where the **Policyholder** establishes wholly apart from such comparison that the **Insured** has sustained **Financial Loss**.

With respect to each **Claim**, the **Policyholder** shall give the **Insurer** written notice of it as soon as reasonably practicable after it is made.

The **Insurer** shall not rely on breach of any **Insured's** obligations stated above in this Section to deny liability for any **Loss** except that, in the case of such breach, the **Insurer** shall not be liable for **Loss** which the **Insurer** believes would not have been incurred if the breach had not occurred.

#### 5.2 Notice

Written notices to the **Insurer** required by Section 5.1 above shall be sent by email to [mprclaims@axiscapital.com](mailto:mprclaims@axiscapital.com) or by post to the Claims Department at the **Insurer's** postal address.

Other written notices to the **Insurer** required by this Policy shall be sent to the **Insurer** either by email to the work email address of an employee or by post to the **Insurer's** postal address.

The **Insurer's** postal address is:

MPR Underwriting Limited  
10<sup>th</sup> Floor, Chancery Place, 50 Brown Street  
Manchester, M2 2JG.

Notice shall be effective on the date of receipt by the **Insurer** by email or at the postal address.

#### 5.3 Defence and Settlement of Claims

The **Insurer** shall have the right, but not the duty, to take over and conduct at any time the defence of **Claims**, including appointing lawyers or other representatives or advisers for that purpose.

Each **Insured** agrees not to settle or offer to settle any **Claim** or otherwise assume any contractual obligation or admit any liability with respect to such **Claim** without the **Insurer's** prior written consent which shall not be unreasonably withheld, delayed or denied. Where the **Insurer** has not given such written consent, and provided that it is not unreasonably withholding it, the **Insurer** shall not be liable for any **Financial Loss** relating to the relevant **Claim**.

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Each **Insured** agrees not to incur any **Defence Costs** without the **Insurer's** prior written consent which shall not be unreasonably withheld, delayed or denied. The **Insurer** shall not be liable for any **Defence Costs** to which it has not given such written consent and for which such written consent is not being unreasonably withheld.

If settlement of a **Claim** becomes possible and the **Insurer** considers it sensible, the **Insurer** may, with the consent of all the **Insureds** against whom the **Claim** is made, make that settlement on those **Insureds'** behalf. If any of those **Insureds** withholds consent to that settlement, the **Insurer's** liability for **Financial Loss** relating to that **Claim** shall not exceed the amount of that possible settlement.

Each **Insured** undertakes not to prejudice the **Insurer's** interests or its potential or actual rights of recovery, not to prejudice the defence of any **Claim** and to give the **Insurer** such information and co-operation as the **Insurer** may require.

### 5.4 Territory

Subject to all other terms of this Policy, cover shall extend to **Events** occurring anywhere.

### 5.5 Subrogation

The **Insurer** shall be subrogated to the extent of any payment under this Policy to each **Insured's** rights of recovery, and each **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights and to enable the **Insurer** to bring proceedings in the name of that **Insured**.

### 5.6 Recoveries

Recoveries (whether effected by the **Insurer** or by an **Insured**), less the cost of recovery, shall be distributed as follows:

- (a) first, to the **Policyholder** for the amount of **Loss** otherwise covered but in excess of the **Insurer's** limits of liability less any applicable Deductible;
- (b) second, to the **Insurer** for the amount paid to the **Policyholder** for covered **Loss**;
- (c) third, to the **Policyholder** for the applicable Deductible; and
- (d) fourth, to the **Policyholder** for **Loss** specifically excluded by this Policy.

For the purposes of this Section, a recovery from any reinsurance of, or indemnity to, the **Insurer** shall not be regarded as a recovery.

### 5.7 Policyholder and the Position of Insureds

The **Policyholder** hereby agrees to act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Discovery** or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy, and the **Insureds** agree that the **Policyholder** shall so act on their behalf.

Only the **Policyholder** can:

- (a) give written notice in accordance with Section 5.1 above; or
- (b) make a claim under this Policy or adjust, receive or enforce payment of any **Loss**.

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Regardless of which **Insured** sustains or incurs **Loss**, the **Insurer** shall only be obliged to pay **Loss** to the **Policyholder**, although the **Insurer** may, if it wishes, pay to the **Insured** which sustains or incurs the **Loss**.

Each **Insured** is deemed for all purposes of this Policy to be insured jointly and not separately for their several interests.

Only the **Policyholder** may bring legal proceedings to enforce this Policy. No person shall have any rights under or in connection with this Policy by virtue of the Contracts (Rights of Third Parties) Act 1999 or any amendment or re-enactment thereof. The **Policyholder** may not assign to any other person any right or cause of action against the **Insurer** under or in connection with this Policy.

### 5.8 Alteration and Assignment

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by written endorsement to this Policy duly executed on behalf of the **Insurer**.

### 5.9 Termination

Cover under this Policy shall terminate at the earliest of the following times:

- (a) 7 days after the receipt by the **Policyholder** of a written notice of termination from the **Insurer** for non-payment of premium;
- (b) 60 days after the receipt by the **Policyholder** of a written notice of termination from the **Insurer** other than for non-payment of premium;
- (c) receipt by the **Insurer** of written notice of termination from the **Policyholder**;
- (d) expiration of the **Policy Period** (but expiration of the **Policy Period** shall not terminate cover under an obtained extended discovery period); and
- (e) such other time as may be agreed upon by the **Insurer** and the **Policyholder** in writing.

If, at the time of termination of cover under this Policy, the **Insurer** has not been given notice following **Discovery** in accordance with Section 5.1 above, the **Insurer** shall refund the unearned premium:

- (i) computed at customary short rates, if cover under this Policy is terminated by the **Policyholder** or if an obtained extended discovery period comes to an end pursuant to Section 3.5(b) above and the **Policyholder** gives the **Insurer** written notice that an **Insured** has taken out another crime insurance policy; or
- (ii) computed pro-rata, if cover under this Policy is terminated other than by the **Policyholder**.

### 5.10 Choice of Law and Forum

The construction of the terms, and the validity and effect, of this Policy are governed by English law. Any dispute or difference arising under or in respect of this Policy shall be subject to and determined within the exclusive jurisdiction of the courts of England and Wales.

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### 5.11 Non-avoidance and Severability

Statements made and information possessed by any past, present or future director, company secretary, head of the legal department, risk manager or head of internal audit department of an **Insured** shall be imputed to the **Insured** for the purposes of determining whether there has been a breach of the duty of fair presentation by any **Insured**.

In the event of a fraudulent or dishonest breach of the duty of fair presentation by any **Insured** determined by admission, final non-appealable judgment or adjudication:

- (i) if the breach occurs prior to the inception date of the Policy, the **Insurer** may avoid the contract and refuse all claims, and need not return any of the premiums paid, in respect of such **Insured**;
- (ii) if the breach is in relation to a variation of the Policy, the **Insurer** may treat the Policy as if the variation was never made and need not return any of the premiums paid in respect of the variation, in respect of such **Insured**.

It is agreed that in the event of breach of the duty of fair presentation by an **Insured**, which is not fraudulent or dishonest, the **Insurer** irrevocably waives all and any rights and remedies it may have because of such breach, including any remedy that would have been available under the UK Insurance Act 2015. For the purposes of this clause, the phrase "duty of fair presentation" shall have the same meaning as given to it in the UK Insurance Act 2015.

The **Insurer** further agrees that:

- (i) the **Insured** has provided no warranties in connection with this Policy; and
- (ii) no term of this Policy is intended or shall be construed as having warranty status within the meaning of the UK Insurance Act 2015.

### 5.12 Sanctions

No cover or benefit shall be provided and no sum shall be payable under this Policy to the extent that providing or paying it would directly or indirectly put the **Insurer** in breach of any applicable economic or trade sanction laws or regulations.

### 5.13 Regulatory Information

This insurance is underwritten by MPR Underwriting Limited, 10<sup>th</sup> Floor, Chancery Place, 50 Brown Street, Manchester, M2 2JG, on behalf of AXIS Specialty London, a UK branch of AXIS Specialty Europe SE, authorised and regulated by the Central Bank of Ireland and regulated by the Prudential Regulation Authority and Financial Conduct Authority in respect of UK business. AXIS Specialty Europe SE Registered Office: Mount Herbert Court, 34 Upper Mount Street, Dublin 2, Ireland: Registration No. 353402SE.

### 5.14 Complaints

MPR Underwriting are committed to first class service. If you have any complaints about the service you have received, please contact your insurance broker or agent or MPR Underwriting Ltd at the address shown below:

10<sup>th</sup> Floor, Chancery Place, 50 Brown Street, Manchester, M2 2JG.

If your complaint relates to a claim on your policy, or any other matter, please contact Axis Specialty Europe SE at the address shown below:

Compliance Officer, AXIS Europe SE, 3rd floor, 71 Fenchurch Street, London, EC3M 4BS.

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If you are dissatisfied with the final response to your complaint the Financial Ombudsman Service (FOS) may be approached for assistance in certain circumstances. A leaflet explaining their procedure is available on request. The FOS's contact details are:

The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR  
Phone: 0800 023 4567  
Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

This complaint procedure does not affect your rights to take legal proceedings.