

Unless specifically endorsed on the "Declaration Page(s)", the limits stated below apply to the coverage, subject to the conditions, exclusions, limitations and definitions of this Form.

Words and phrases in quotation marks have special meaning as defined in Section 3. C. Definitions.

Summary of Coverages

Coverage	Limit of Insurance
Employee Fidelity – Insuring Agreement I.A	\$10,000 (aggregate)
Broad Form Money and Securities	
Inside Premises – Insuring Agreement II.A	\$5,000
Outside Premises – Insuring Agreement III.A	\$5,000
Messenger or Custodian Home – Insuring Agreement III.A	\$5,000
Money Order & Counterfeit Paper – Insuring Agreement IV	\$5,000 (aggregate)
Depositors Forgery – Insuring Agreement V	\$5,000 (aggregate)
Credit Card Forgery Coverage – Insuring Agreement VI	\$5,000 (aggregate)

1. Insuring Agreements

The Insurer, in consideration of the payment of the premium, and subject to the "Declaration Page(s)" made a part hereof, the General Agreements, Conditions and Limitations and other terms of this Form, agrees with the Insured, in accordance with such Insuring Agreements hereof as are specifically designated by the insertion of a limit of insurance in the Summary of Coverages section of this Form, to pay the Insured for:

Insuring Agreement I.A

Employee Dishonesty Coverage – Form A

Loss of "money", "securities" and other property which the Insured shall sustain, to an amount not exceeding in the aggregate the limit stated in the Summary of Coverages applicable to this Insuring Agreement I.A, resulting directly from one or more "fraudulent or dishonest act" committed by an "employee", acting alone or in collusion with others.

Insuring Agreement II.A

Loss Inside The Premises Coverage – Broad Form

- (a) Loss of "money" and "securities" by the actual destruction, disappearance or wrongful abstraction thereof within the "premises" or within any "banking premises" or similar recognized places of safe deposit;
- (b) Loss of (a) other property by "safe burglary" or "robbery" within the "premises" or attempt thereat, and (b) a locked cash drawer, cash box or cash register by felonious entry into such container within the "premises" or attempt thereat or by felonious abstraction of such container from within the "premises" or attempt thereat;
- (c) Loss includes damage to insured property.

Insuring Agreement III.A

Loss Outside The Premises Coverage – Broad Form

- (a) Loss of "money" and "securities" by the actual destruction, disappearance or wrongful abstraction thereof outside the "premises" while being conveyed by a "messenger" or any armoured motor vehicle company or while within the living quarters in the home of any "messenger" or "custodian"; or
- (b) Loss of other property by "robbery" or attempt thereat outside the "premises" while being conveyed by a "messenger" or any armoured motor vehicle company, or by theft within the living quarters in the home of any "messenger" or "custodian".
- (c) Loss includes damage to insured property..

Insuring Agreement IV

Money Orders and Counterfeit Paper Currency Coverage

Loss due to the acceptance in good faith, in exchange for merchandise, "money" or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit Canadian or United States paper currency.

Insuring Agreement V Depositors Forgery Coverage

Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a chequing or savings account, as their respective interests may appear, shall sustain through forgery or alteration of, on or in any cheque, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in "money", made or drawn by or drawn upon the Insured, or made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including:

- (a) any cheque or draft made or drawn in the name of the Insured, payable to a fictitious payee and endorsed in the name of such fictitious payee;
- (b) any cheque or draft procured in a face to face transaction with the Insured, or with one acting as an agent of the Insured, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
- (c) any payroll cheque, payroll draft or payroll order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee;

whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law of the place controlling the construction thereof.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this Insuring Agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Insurer to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments made or drawn as hereinbefore set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Insurer shall give its written consent to the defence of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defence shall be construed to be a loss under this Insuring Agreement and the liability of the Insurer for such loss shall be in addition to any other liability under this Insuring Agreement.

Insuring Agreement VI

Credit Card Forgery Coverage

- (a) Loss which the Insured shall sustain through forgery or alteration of, on or in any written instrument required in conjunction with any credit card issued to the Insured or to any partner, officer or employee of the Insured or to the Insured's spouse or any child residing permanently in the residence of the Insured; provided, however, that the Insured shall fully comply with the provisions, conditions and other terms under which such credit card shall have been issued;
- (b) Reasonable attorney's fees, court costs or similar legal expenses incurred and paid by the Insured in the defence of any suit brought against the Insured to enforce payment on any written instrument specified in the preceding paragraph, alleging that such instrument is forged or altered; provided, however, that such suit shall have resulted from the refusal of the Insured to pay such instrument, that the Insurer shall have given its written consent to the defence of such suit and that the Insured shall have fully complied with the provisions, conditions and other terms under which any credit card, as aforesaid, shall have been issued. The liability of the Insurer under this Insuring Agreement for such attorney's fees, court costs or similar legal expenses shall be in addition to any other liability under this Insuring Agreement.

2. General Agreements

A. Consolidation – Merger

If, through consolidation or merger with, or purchase of assets of, some other concern, any person shall become "employees" or if the Insured shall thereby acquire the use and control of any additional "premises", the insurance afforded by this Form shall also apply as respects such "employees" and "premises", provided the Insured shall give the Insurer written notice thereof within thirty days thereafter and shall pay the Insurer an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current policy period.

B. Joint Insured

If more than one Insured is covered under this Form, the Insured first named shall act for itself and for every other Insured for all purposes of this Form. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of Items G., H. and O. of Clause 3, constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any "employee" as provided in Item O. of Clause 3 shall apply to every Insured. If, prior to the cancellation or termination of this Form, this Form or any Insuring Agreement hereof is cancelled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination. Payment by the Insurer to the Insured first named of any loss under this Form shall fully release the Insurer on account of such loss. If the Insured first named ceases for any reason to be covered under this Form, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Form.

C. Loss Under Prior Bond or Policy

If the coverage of an Insuring Agreement of this Form, other than Insuring Agreement V or VI, is substituted for any prior bond or policy of insurance carried by the Insured or by any predecessor in interest of the Insured, which prior bond or policy is terminated, cancelled or allowed to expire as of the time of such substitution, the Insurer agrees that such Insuring Agreement applies to loss which is discovered as provided in Item A. of Clause 3 and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss thereunder had expired; provided:

- (a) the insurance under this General Agreement C shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Form;
- (b) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and
- (c) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such Insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the latter amount be smaller.

Insuring Agreement V shall also cover loss sustained by the Insured at any time before the termination or cancellation of Insuring Agreement V, which would have been recoverable under the coverage of some similar Form of forgery insurance (exclusive of fidelity insurance) carried by the Insured or any predecessor in interest of the Insured, had such prior forgery insurance given all of the coverage afforded under Insuring Agreement V, provided, with respect to loss covered by this paragraph:

- (a) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the Insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefore;

- (b) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and
- (c) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the smaller amount.

3. Conditions, Exclusions, Definitions and Limitations

A. Policy Period, Territory, Discovery

Loss is covered under this Form only if discovered not later than one year from the end of the policy period.
Subject to General Agreement C:

- (a) this Form, except under Insuring Agreements I.A, V and VI applies only to loss which occurs during the policy period within Canada and the United States of America;
- (b) Insuring Agreement I.A applies only to loss sustained by the Insured through "fraudulent or dishonest act" committed during the policy period by any of the "employees" engaged in the regular service of the Insured within the territory designated in (a) above or while such "employees" are elsewhere for a limited period;
- (c) Insuring Agreements V and VI applies only to loss sustained during the policy period.

B. Exclusions

This policy does not apply:

- (a) to loss due to any fraudulent, dishonest or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
- (b) under Insuring Agreement I.A, to loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation;
- (c) under Insuring Agreements II.A, III.A, V and VI, to loss due to any fraudulent, dishonest or criminal act by an "employee", director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others, provided this Exclusion (c) does not apply to "safe burglary" or "robbery" or attempt thereat;
- (d) under Insuring Agreements II.A and III.A, to loss due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (e) under Insuring Agreements II.A and III.A, to loss due to the giving or surrendering of "money" or "securities" in any exchange or purchase;
- (f) under Insuring Agreements II.A and III.A, to loss due to accounting or arithmetical errors or omissions;
- (g) under Insuring Agreements II.A and III.A, to loss of manuscripts, books of account or records, except for blank value;
- (h) under Insuring Agreement II.A, to loss of "money" contained in coin operated amusement devices or vending machines, unless the amount of "money" deposited within the device or machine is recorded by a continuous recording instrument therein;
- (i) under Insuring Agreement III.A, to loss of insured property while in the custody of any armoured motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under (1) the Insured's contract with said armoured motor vehicle company, (2) the insurance carried by said armoured motor vehicle company for the benefit of users of its service, and (3) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armoured motor vehicle company's service, and then this Form shall cover only such excess;
- (j) under Insuring Agreements II.A and III.A, to loss due to any nuclear incident as defined in the Nuclear Liability Act, nuclear explosion or contamination by radioactive material;
- (k) under Insuring Agreement II.A, to loss, other than to "money", "securities" and safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
- (l) to potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Form;
- (m) to all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Form;
- (n) to all costs, fees and other expenses incurred by the Insured in establishing the existence of or amount of loss covered under this Form;
- (o) except as may be specifically stated to the contrary in this Form or any applicable endorsement, to the defence of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this Form;
- (p) under Insuring Agreement III.A, to loss due to the surrender of "money", "securities" or other property away from the "premises" as a result of a threat to do (1) bodily harm to the Insured or any other person, or (2) damage to the "premises" or property owned by the Insured or held by the Insured in any capacity; provided that this exclusions shall not apply to loss of "money", "securities" or other property while being conveyed by a "messenger" when there was no knowledge by the Insured of any such threat at the time the conveyance was initiated;

- (q) under Insuring Agreement II.A, to loss of insured property which has been transferred to a person or to a place outside the "premises" on the basis of unauthorized instructions.
- (r) to loss or damage caused directly or indirectly, in whole or in part, by "terrorism" or by any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism". This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage. If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.
- (s) (i) to loss or damage of "data".
 - (ii) to loss or damage caused directly or indirectly by a "data problem";

Paragraphs (i) and (ii) do not apply to specific coverage provided by this form for Accounts Receivable; Electronic Data Processing media or Valuable Papers and Records. Paragraph (ii) does not apply to loss or damage caused directly by resultant fire, explosion of natural, coal or manufactured gas, smoke or leakage from "fire protective equipment".

C. Definitions

As used in this Form:

"Banking Premises" means the interior of that portion of any building which is occupied by a banking institution in conducting its business.

"Custodian" means the Insured or a partner of the Insured or any "employee" who is duly authorized by the Insured to have the care and custody of insured property within the "premises", excluding any person while acting as a watchman, porter or janitor.

"Data" means representations of information or concepts, in any form.

"Data problem" means:

- (i) erasure, destruction, corruption, misappropriation, misinterpretation of "data";
- (ii) error in creating, amending, entering, deleting or using "data"; or
- (iii) inability to receive, transmit or use "data".

"Employee" means any natural person (other than a director or trustee of the Insured, if a corporation, who is not also an officer or "employee" thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business including persons hired through an intervening employment agency or employer during the policy period and whom the Insured compensates by salary, wages or commissions and has the right to govern and direct in the performance of such service, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character.

As applied to loss under Insuring Agreement I.A, the above words "while in the regular service of the Insured" shall include the first thirty days thereafter; subject however to Items O. and P. of Clause 3.

"Fire protective equipment" includes tanks, water mains, hydrants, valves and any other apparatus whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

- (i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (ii) any water mains or appurtenances located outside of the "premises" and forming a part of the public water distribution system;
- (iii) any pond or reservoir in which the water is impounded by a dam.

"Fraudulent or Dishonest Act" means "Fraudulent or Dishonest Act" committed by such "employee" with manifest intent:

- (a) to cause the Insured to sustain such loss; and
- (b) to obtain financial benefit for the "employee", or for any other person or organization intended by the "employee" to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment.

"Messenger" means the Insured or a partner of the Insured or any "employee" who is duly authorized by the Insured to have the care and custody of insured property outside the "premises".

"Money" means currency, coins, bank notes and bullion; and travellers cheques, register cheques and money orders held for sale to the public.

"Premises" means the interior portion of that portion of any building which is occupied by the Insured in conducting its business.

"Robbery" means, the taking of insured property,

- (1) by violence inflicted upon a "messenger" or "custodian";
- (2) by putting that person in fear of violence;
- (3) by any other overt felonious act committed in that person's presence and of which that person was actually cognizant, provided such other act is not committed by a partner or "employee" of the Insured,
- (4) from the person or direct care and custody of a "messenger" or "custodian", who has been killed or rendered unconscious, or

(5) under Insuring Agreement II.A:

- (i) from within the "premises" by means of compelling a "messenger" or "custodian" by violence or threat of violence while outside the "premises" to admit a person into the "premises" or to furnish that person with means of ingress into the "premises"; or
- (ii) from a showcase or show window within the "premises" while regularly open for business, by a person who has broken the glass thereof from outside the "premises".

"Safe Burglary" means,

- (1) the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the "premises" by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of (i) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors, or (ii) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors, or
- (2) the felonious abstraction of such safe from within the "premises".

"Securities" means all negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include "money".

"Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

D. Loss Cause By Unidentifiable Employees

If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the "employees" and the Insured shall be unable to designate the specific "employee" or "employees" causing such loss, the Insured shall nevertheless have the benefit of Insuring Agreement I.A, provided that the evidence submitted reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more of the said "employees", and provided, further, that the aggregate liability of the Insurer for any such loss shall not exceed the limit of liability applicable to Insuring Agreement I.A.

E. Ownership of Property: Interests Covered

The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided, Insuring Agreements II.A and IV apply only to the interest of the Insured in such property, including the Insured's liability to others, and do not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss, in which event the third paragraph of Item H. is applicable to them.

F. Books and Records

The Insured shall keep records of all the insured property in such manner that the Insurer can accurately determine therefrom the amount of loss.

G. Prior Fraud, Dishonesty or Cancellation

The coverage of Insuring Agreement I.A shall not apply to any "employee" from and after the time that the Insured or any partner or officer thereof not in collusion with such "employee" shall have knowledge or information that such "employee" has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of employment by the Insured.

If, prior to the issuance of this policy, any fidelity insurance in favour of the Insured or any predecessor in interest of the Insured and covering one or more of the Insured's "employees" shall have been cancelled as to any of such "employees" by reason of the giving of written notice of cancellation by the insurer issuing such fidelity insurance, whether the Insurer or not, and if such "employees" shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Insurer shall not be liable on account of such "employees" unless the Insurer shall agree in writing to include such "employees" within the coverage of Insuring Agreement I.A.

H. Loss – Notice – Proof – Action Against Insurer

Upon knowledge or discovery of loss or of an occurrence which may give rise to a claim for loss, the Insured shall: (1) give notice thereof as soon as practicable to the Insurer or any of its authorized agents and, except under Insuring Agreements I.A, V and VI, also to the police, if the loss is due to a violation of the law; (2) file detailed proof of loss, duly sworn to, with the Insurer within four months after the discovery of loss.

Proof of loss under Insuring Agreement V and VI shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof.

Upon the Insurer's request, the Insured shall submit to examination by the Insurer, subscribe the same, under oath if required, and produce for the Insurer's examination all pertinent records, all at such reasonable times and places as the Insurer shall designate, and shall co-operate with the Insurer in all matters pertaining to loss or claims with respect thereto.

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Form, nor until ninety days after the required proofs of loss have been filed with the Insurer, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Form, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

I. Valuation – Payment – Replacement

In no event shall the Insurer be liable as respects "securities" for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided, however, the actual cash value of such other property held by the Insured as a pledge or as collateral for an advance or a loan, shall be deemed not to exceed the value of the property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates.

The Insurer may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Insurer has made indemnification shall become the property of the Insurer.

In case of damage to the "premises" or loss of property other than "securities", the company shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such "premises" or property or of replacing same with property of like quality and value. The Insurer may, at its election, pay such actual cash value, or make such repairs or replacements. If the Insurer and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value shall be determined by arbitration.

J. Recoveries

If the Insured shall sustain any loss covered by this Form which exceeds the applicable amount of insurance hereunder, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security or indemnity taken by or for the benefit of the Insurer) by whomsoever made, on account of such loss under this Form until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Insurer.

K. Limits of Liability

Payment of loss under Insuring Agreements I.A, V and VI shall not reduce the Insurer's liability for other losses under the applicable Insuring Agreement whenever sustained.

The Insurer's total liability (1) under Insuring Agreement I.A, for all loss caused by any "employee" or in which such "employee" is concerned or implicated, or (2) under Insuring Agreements V and VI, for all loss by forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, is limited to the applicable amount of insurance specified on the "Declaration Page(s)" or endorsements amendatory thereto.

The liability of the Insurer for loss sustained by any or all of the Insureds shall not exceed the amount for which the Insurer would be liable had all such loss been sustained by any one of the Insureds.

Except under Insuring Agreements I.A and V, the applicable limit of liability stated on the "Declaration Page(s)" is the total limit of the Insurer's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. All loss incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts at the "premises", whether committed by one or more persons, shall be deemed to arise out of one occurrence.

Regardless of the number of years this Form shall continue in force and the number of premiums which shall be payable or paid, the limit of the Insurer's liability as specified on the "Declaration Page(s)" shall not be cumulative from year to year or policy period to policy period.

L. Limit of Liability Under This Form and Prior Insurance

This item shall apply only to Insuring Agreements I.A, V and VI.

With respect to loss caused by any person (whether one of the "employees" or not) or in which such person is concerned or implicated or which is chargeable to any "employee" as provided in Item D. and which occurs partly during the policy period and partly during the period of other bonds or policies issued by the Insurer to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Insured under this Form and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under the applicable Insuring Agreement of this Form on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

M. Other Insurance

If there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreement I.A, V or VI, the Insurer shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity, except that if such other insurance or indemnity is a bond or policy of fidelity insurance, any loss covered under both such fidelity insurance and Insuring Agreement V or VI shall first be paid under Insuring Agreement V or VI. Any loss covered under Insuring Agreements I.A, V or VI shall first be paid under Insuring Agreement V or VI and the excess, if any, shall be paid under Insuring Agreement I.A. The Insurer waives any right of contribution which it may have against any forgery insurance carried by any depository bank which is indemnified under Insuring Agreement V or VI.

Under any other Insuring Agreement, if there is any other valid and collectible insurance which would apply in the absence of such Insuring Agreement, the insurance under this Form shall apply only as excess insurance over such other insurance; provided, the insurance shall not apply (1) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or (2) to property otherwise insured unless such property is owned by the Insured.

N. Subrogation

In the event of any payment under this Form, the Insurer shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

O. Cancellation As To Any Employee

Insuring Agreement I.A shall be deemed cancelled as to any "employee": (1) immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such "employee", of any fraudulent or dishonest act on the part of such "employee"; or (2) at 12:01 A.M. Standard Time as aforesaid, upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing. The mailing by the Insurer of notice as aforesaid to the Insured at the postal address shown on the "Declaration Page(s)" shall be sufficient proof of notice. Delivery of such written notice by the Insurer shall be equivalent to mailing.

P. No Benefit To Bailee

This Item shall apply only to Insuring Agreements II.A and III.A.

The insurance afforded by this Form shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

Q. Assignment

Assignment of interest under this Form shall not bind the Insurer until its consent is endorsed hereon; if, however, the Insured shall die, this Form shall cover the Insured's legal representatives as Insured; provided that notice of cancellation addressed to the Insured named on the "Declaration Page(s)" and mailed to the postal address shown on the "Declaration Page(s)" shall be sufficient notice to effect cancellation of this Form.

R. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Form or estop the Insurer from asserting any right under the terms of this Form; nor shall the terms of this Form be waived or changed, except by endorsement issued to form a part of this Form signed by an authorized agent of the Insurer.

S. Increase or Decrease in Amount of Insurance

Liability under Insuring Agreement I.A on account of any loss through acts or defaults as aforesaid committed during the periods during which Insuring Agreement I.A shall have been in the two amounts last mentioned shall not be cumulative; in case there shall have been made more than one change in the amount of Insuring Agreement I.A, the liability of the Insurer on account of any loss through acts or defaults as aforesaid committed during periods during which Insuring Agreement I.A shall have been in different amounts, or committed during periods during which Insuring Agreement I.A shall have been in the same amount, or committed partly during periods during which Insuring Agreement I.A shall have been in different amounts and partly during periods during which Insuring Agreement I.A shall have been in the same amount, shall not be cumulative.

T. Deductible

If a deductible is specified on the "Declaration Page(s)":

Insuring Agreement I.A

The Insurer shall not be liable under Insuring Agreement I.A on account of loss through acts or defaults committed at any time, by any "employee" or in which such "employee" is concerned or implicated, unless the amount of such loss, after deducting the net amount of all reimbursement and recovery, including any cash deposit taken by the Insured, obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Insurer on account thereof prior to payment by the Insurer of such loss, shall be in excess of the dollar amount of deductible as stated on the "Declaration Page(s)" and then for such excess only, but in no event for more than the amount of insurance carried under Insuring Agreement I.A on such loss.

Insuring Agreement II.A

The Insurer shall not be liable under Insuring Agreement II.A on account of any loss, except to the extent such loss is in excess of the dollar amount of deductible as stated on the "Declaration Page(s)", with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

Insuring Agreement III.A

The Insurer shall not be liable under Insuring Agreement III.A on account of any loss, except to the extent such loss is in excess of the dollar amount of deductible as stated on the "Declaration Page(s)", with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

Insuring Agreements V or VI

The Insurer shall not be liable under Insuring Agreement V or VI on account of loss through forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, except to the extent such loss is in excess of the dollar amount of deductible as stated on the "Declaration Page(s)", with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.