Form # HFW-CRDDD-06 (Rev. January 2009)
Comprehensive Dishonesty, Disappearance, and Destruction Form

The Insurer agrees, subject to the Declarations made a part hereof, the General Agreements, Conditions and Limitations and other terms of this Form to pay the Insured for:

1. **INSURING AGREEMENTS**

I.A. Employee Dishonesty Coverage – Form A

Loss of Money, Securities and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others, to an amount not exceeding in the aggregate the amount stated in the Limits of Liability applicable to this Insuring Agreement I.A., as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under insuring Agreement I.A, then the Insurer shall not be liable under said Insuring Agreement on account of loss through fraudulent or dishonest acts committed at any time, whether before or after this Form is effective, 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 Company on account thereof prior to payment by the Company of such loss, shall be in excess of the deductible amount stated in the Declarations, and then for such excess only, but in no event for more that the amount of insurance carried under Insuring Agreement I.A. on such loss.

I.B. Employee Dishonesty Coverage – Form B

Loss of Money, Securities and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others, the amount of insurance on each of the Employees being the amount stated in the Limits of Liability applicable to this Insuring Agreement I.B., as indicated in the Declarations. Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement I.B., then the Insurer shall not be liable under said Insuring Agreement on account of loss through fraudulent or dishonest acts committed at any time, whether before or after this Form is effective, by any Employee, 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 Company on account thereof prior to payment by the Company of such loss, shall be in excess of the deductible amount stated in the Declarations, and then for such excess only, but in no event for more than the amount of insurance carried on such Employee under Insuring Agreement I.B.. If more than one Employee is concerned or implicated in such loss, such deductible amount shall apply to each Employee so concerned or implicated.

2. We agree to indemnify you, up to the limit shown in the Declaration, for loss of Money and Securities resulting directly from theft, disappearance or destruction. Separate limits shall apply to Loss Inside the Premise or Loss Outside the Premise, as follows:

I. Loss Inside the Premises Coverage

(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 other property by Safe Burglary or Robbery within the Premises or attempt thereat, and loss of 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.
(c) Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

Insurance under this section shall be limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement II as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement II, then the Insurer shall not be liable under said Insuring Agreement on account of any loss, except to the extent such loss is in excess of the deductible amount stated in the Declarations, with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

II. Loss Outside the Premises Coverage

(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.
(b) Loss of other property by Robbery outside the Premises or attempt thereat while such property is being conveyed by a Messenger or any armoured motor vehicle company or by theft while within the living quarters in the home of any Messenger.

Insurance under this section shall be limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement III as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement III, then the Insurer shall not be liable under said Insuring Agreement on account of any loss, except to the extent such loss is in excess of the deductible amount stated in the Declarations, with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

3. **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, but limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement IV as indicated in the Declarations.

4. **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;

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(b) any cheque or draft procured in a face to face transaction with the Insured, or with one acting as 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, but limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement V as indicated in the Declarations. Mechanically reproduced facsimile signatures are treated the same as hand-written 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.

5. Computer Fraud:
This coverage is extended to pay an amount, not exceeding Five Thousand Dollars ($5,000) in any one loss or series of losses arising out of any one occurrence, for loss due to Computer Fraud. For the purposes of this Form, Computer Fraud shall mean loss of money or property caused by the fraudulent input of electronic data, or the fraudulent modification or erasure of electronic data.

6. Safe Burglary:
Without increasing the amount of insurance shown in the Declaration, this coverage is extended to pay for loss of property caused by B urglary (as defined in Clause 2) or attempted burglary of a locked safe, vault, cash register, cash box or cash drawer located on the Premise.

7. Damage to the Premise
Without increasing the amount of insurance shown in the Declaration, this coverage is extended to pay for loss from damage to the Premise or its exterior resulting directly from an actual or attempted theft of your money or securities, if you are the owner of the premise or are legally liable for such damage.

8. Medical Expenses
This coverage is extended to pay an amount, not exceeding five thousand dollars ($5,000) in any one loss or series arising out of any one occurrence, for Medical Expenses incurred by you or your authorized employee due to injury resulting from robbery or attempted robbery. For the purpose of this Form, Medical Expenses shall mean reasonable expenses for necessary medical, dental, surgical requirements, ambulance, hospital and professional nursing services, as well as for reasonable funeral expenses if such injury results in death, all incurred within twelve (12) months from the date of injury. However, we will not pay for any expenses payable under any Worker Compensation Law or any expenses where Federal or Provincial Health Insurance plans prohibit such payments.

2. **GENERAL AGREEMENTS**

(a) **Consolidation-merger**
If, through consolidation or merger with, or purchase of assets of, some other concern, any persons 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 (30) 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 premium 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 9, 10, and 17, constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in item 17 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 or, as respects Insuring Agreement I.B., within two years therefrom. 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, 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 3 of the Conditions and Limitations 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:
(i) the insurance under this General Agreement 2 (c) shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Form;
(ii) 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
(iii) 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

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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:

1) 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 therefor;

2) at the time of discovery of such loss, the period for discovery of loss under all such prior forgeryinsurance has expired; and

3) 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.

Notwithstanding any other Conditions described in this Form the following Conditions and Limitations shall apply in respect of insurance provided by this Form.

THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

3. **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 except that under Insuring Agreement I.B. loss is covered only if discovered not later than two years from the end of the Policy Period.

Subject to General Agreement 2 (c):

(a) This Form, except under Insuring Agreements I.A., I.B. and V, applies only to loss which occurs during the Policy Period within Canada, any of the States of the United States of America, its territories or possessions.
(b) Insuring Agreements I.A, and I.B. apply only to loss sustained by the Insured through Fraudulent or Dishonest Acts committed during the Policy Period by any of the Employees engaged in the regular service of the Insured within the territory designated above or while such Employees are elsewhere for a limited period;
(c) Insuring Agreement V applies only to loss sustained during the Policy Period.

4. **EXCLUSIONS**

This Form 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 Agreements I.A. and I.B., to loss, or to 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; provided, however, that this paragraph shall not apply to loss of Money, Securities or other property which the Insured can prove, through evidence wholly apart from such computations, is sustained by the Insured through any fraudulent or dishonest act or acts committed by any one or more of the Employees;
(c) under Insuring Agreements II and III, 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 does not apply to Safe Burglary or Robbery or attempt thereat;
(d) under Insuring Agreements II and III, 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 and III, to loss (i) due to the giving or surrendering of Money or Securities in any exchange or purchase; (ii) due to accounting or arithmetical errors or omissions; or (iii) of manuscripts, books of account or records;
(f) under Insuring Agreement II, 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;
(g) under Insuring Agreement II, to loss of Money, Securities and other property which has been transferred by any computer to a person or to a place outside the insured premises on the basis of unauthorized electronic instructions;
(h) under Insuring Agreement II, to loss, other than to Money, Securities, a 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;
(i) under Insuring Agreement III, 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:
    (i) the Insured's contract with said armoured motor vehicle company;
    (ii) insurance carried by said armoured motor vehicle company for the benefit of users of its service; and
    (iii) 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 Agreement III, to loss due to the surrender of Money, Securities or other property away from the Premises as a result of the threat to do:
    (i) bodily harm to the Insured or any other person; or
    (ii) damage to the Premises or property owned by the Insured or held by the Insured in any capacity; provided, however, these exclusions do not apply:
        1) to Insuring Agreements I.A. and I.B., if coverage is afforded thereunder, or
        2) under Insuring Agreement III, 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;
(k) under any Insuring Agreement, 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, except as may be specifically stated to the contrary in this Form;
(l) under any Insuring Agreement to:
    (i) loss of potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Form;
    (ii) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Form;
    (iii) all costs, fees and other expenses incurred by the Insured in establishing the existence of, or amount of loss covered under this Form.

5. **DEFINITIONS**

The following terms, as used in this Form, shall have the respective meanings stated in this Item:

(a) **"Fraudulent or Dishonest Acts"** as used in this Insuring Agreement shall mean only Fraudulent or

Dishonest Acts committed by an Employee with the manifest intent:
(i) to cause the Insured to sustain such loss; and
(ii) 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.

(b) **"Money"** means currency, coins, bank notes and bullion;

(c) **"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.

(d) **"Employee"** means any natural person (except 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 during the Policy Period and whom the Insured compensates directly or indirectly 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 Agreements I.A. and I.B., the above words "while in the regular service of the Insured" shall include the first 30 days thereafter; subject however, to Items 17 and 18.

(e) **"Premises"** means the interior of that portion of any building which occupied by the Insured in conducting its business.

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

(g) **"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 the insured property outside the Premises.

(h) **"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 the insured property within the Premises, excluding any person while acting as a watchman, porter or janitor.

(i) **"Robbery"** means the taking of insured property: by violence inflicted upon a Messenger or a Custodian; by putting him in fear of violence;
(i) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by a partner or Employee of the Insured;
(ii) from the person in direct care and custody of a Messenger or Custodian who has been killed or rendered unconscious;
(iii) 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 him with means of ingress into the Premises; or
(iv) 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.

(j) **"Safe Burglary"** means the felonious abstraction of:
(i) a safe from within the premises; or
(ii) insured property from within a vault or safe the door of which is equipped with a combination or time 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 or time 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:
1) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors; or
2) 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.

(k) **"Loss"** except under Insuring Agreements I.A., I.B. and V, include damage.

6. **LOSS CAUSED BY UNIDENTIFIABLE EMPLOYEES**
If a loss is alleged to have been caused by the Fraudulent or Dishonest Acts 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. or I.B. subject to the provisions of item 4(b) of this Form, provided that the evidence submitted reasonably proves that the loss was in fact due to the Fraudulent Dishonest Acts 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 Agreements I.A. or I.B.

7. **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, III, 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 the said property unless included in the Insured's proof of loss, in which event the third paragraph of Item 10 is applicable to them.

8. **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.

9. **PRIOR FRAUD, DISHONESTY OR CANCELLATION**
The coverage of Insuring Agreements I.A. and I.B 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 Form, 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 Agreements I.

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

The Insured shall give the Insurer notice of any loss of the kind covered by Insuring Agreement I, whether or not the Insurer is liable therefore or for any part thereof, and upon the request of the Insurer shall file with it a brief statement giving the particulars concerning such loss.

Proof of loss under Insuring Agreement V 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.

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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 cooperate 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.

11. **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 Insurer shall not be liable for more than the actual cash value of such property, or for more than the actual cost or repairing such Premises or property or of replacing same with property or material 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 or such cost shall be determined by arbitration.

12. **RECOVERIES**
(a) Any recoveries, less the cost of obtaining them, made after settlement of loss insured by this policy will be distributed as follows:
    (1) to the Insured, until the Insured is reimbursed for any loss that they have sustained that exceeds the Limit of Insurance and the deductible amount, if any;
    (2) then to the Insurer, until they are reimbursed for the settlement made;
    (3) then to the Insured, until they are reimbursed for that part of the loss equal to the deductible amount, if any.
(b) Recoveries do not include recovery:
    (1) from insurance, suretyship, reinsurance, security or indemnity taken for the Insurer's benefit; or
    (2) of original "securities" after duplicates of them have been issued.
(c) The Insured is entitled to the recovered property upon reimbursing the Insurer for the amount of indemnity paid to the Insured for such property. Whoever recovers such property will immediately notify the other party in writing.

13. **LIMITS OF LIABILITY**
Payment of loss under Insuring Agreements I.A., I.B., or V shall not reduce the Insurer's liability for other losses under the applicable Insuring Agreement whenever sustained. The Insurer's total liability (i) under Insuring Agreement I.A., for any loss caused by any Employee or in which such Employee is concerned or implicated or (ii) under Insuring Agreement I.B., as to each Employee or (iii) under Insuring Agreement V, for any 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 in the Limits of Liability or endorsement 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., I.B., and V, the applicable limit of liability stated in the Limits of Liability 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. Any loss caused by any person or in which such person is concerned or implicated, or any loss incidental to an actual or attempted burglary or Robbery, 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 in the Limits of Liability shall not be cumulative from year to year or period to period.

The Limits of Liability as expressed in the Form are in Canadian currency.

14. **LIMIT OF LIABILITY UNDER THIS RIDER AND PRIOR INSURANCE**
This Item shall apply only to Insuring Agreements I.A.,I.B. and V.

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 6 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 Insurer 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.

15. **OTHER INSURANCE**
Except in the province of Quebec, if there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreements I.A., I.B., or V, 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 shall first be paid under Insuring Agreement V. Any loss covered under any of Insuring Agreements I.A., I.B. and V shall first be paid under Insuring Agreement V and the excess, if any, shall be paid under Insuring Agreement I.A. or I.B. If this Form is governed by the law of Quebec, each of the Insurers under its respective contract is liable to the Insured for is rateable proportion of loss. 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.

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, except in the province of Quebec where each of the Insurers under its respective contract is liable to the Insured for its rateable proportion of the loss, provided the insurance shall not apply:

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(a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or
(b) to property otherwise insured unless such property is owned by the Insured.

16. **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.

17. **CANCELLATION AS TO ANY EMPLOYEE**

Insuring Agreements I.A. and I.B. shall be deemed cancelled as to any Employee:
(a) 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
(b) except in the province of Quebec at 12:01 am., standard time as aforesaid, upon the effective datespecified 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 address shown in this Form shall be sufficient proof of notice. Delivery of such written notice by the Insurer shall be equivalent to mailing. In the province of Quebec, cancellation shall be made by endorsement only.

18. **CANCELLATION OF FORM OR INSURING AGREEMENT**
(a) The Insured may cancel this policy by mailing or delivering to the Insurer advance written notice of cancellation.
(b) The Insurer may cancel this policy by mailing or delivering to the Insured written notice of cancellation at least:
(1) 15 days before the effective date of cancellation if the Insurer cancels for non-payment of premium; or
(2) 30 days before the effective date of cancellation if the Insurer cancels for any other reason.
Except in Quebec, if notice is mailed, cancellation takes effect 15 or 30 days after the receipt of the letter by the post office to which it is addressed, depending upon the reason for cancellation as shown in (b) (1) or (2) above. Proof of mailing will be sufficient proof of notice. In Quebec, cancellation takes effect either 15 or 30 days after receipt of the notice at the Insured's last known address depending upon the reason for cancellation.

Delivery by the Insurer shall be equivalent to mailing.

(c) The Insurer will mail or deliver their notice to the Insured's last mailing address known to the Insurer.
(d) The policy period will end on the date cancellation takes effect.
(e) If this policy is cancelled, the Insurer will send the Insured any premium refund due. If the Insurer cancels, the refund will be pro rata. If the Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Insurer has not made a refund.

19. **ASSIGNMENT**
The Insurer will not be liable to anyone other than the Insured unless the Insurer has been advised of a change of interest and consented to it. However, if the Insured dies, or is declared insolvent or bankrupt, this policy will insure the Insured's legal representative.

20. **CHANGES**
This policy contains all the agreements between the Insured and the Insurer concerning the insurance provided by this policy. The Insured may request changes to this policy however, such changes will be effective only upon the Insurer's consent as evidenced by their issuing an endorsement which will form part of this policy.

21. **ALARM SYSTEM AND PROTECTIVE SERVICES**
If for reasons beyond the Insured's control, the alarm system or any other protective service or equipment described in the Declarations is not maintained, the insurance under this Form shall apply only in the reduced amount which the premium for this Form would have purchased in the absence of such protection, in accordance with the Insurer's manual; except that the full amount of insurance under this Form shall apply if the Insured, until such time as the alarm system has been restored to proper working condition, provides at least one watchman within the premises at all times when such premises are not open for business.

The Insured, upon receipt of advice that alarm signals from the alarm system will be disregarded by police, shall give immediate notice thereof to the Insurer; the Insurer may suspend the Form by written notice. A pro rata refund will be allowed for the period of suspension.

22. **REINSTATEMENT**
The occurrence of a loss covered by this Form shall reduce the amount of insurance but, unless notice is given to the Insurer to the contrary as soon as practicable, the insurance shall be automatically reinstated as of the time of the loss as to acts committed or events occurring thereafter, and additional premium, on a pro rata basis, shall on demand become payable therefor.

23. **CLAIM PROCEDURE FOR PROPERTY OF PERSONS OTHER THAN THE INSURED**
In the event of a claim for loss involving property not owned by the Insured, the Insurer may adjust such loss or damage either with the Insured or with the owner of such property and payment of such loss or damage to the Insured or owner shall constitute full satisfaction of the claim. If legal proceedings are taken against the Insured to recover for such loss or damage, the Insured shall immediately notify the Insurer in writing and the Insurer may conduct and control the defence in the name and on behalf of the Insured.

24. **ACCEPTANCE**
By acceptance of this Form, the Insured agrees that:
(a) the Insured has no similar coverage on the subject matter of this Form;
(b) the Insured has not sustained, nor received indemnity for, any loss or damage insured hereby within the last three (3) years;
(c) no similar coverage applied for or carried by the Insured has been declined or cancelled by any Insurer within the last three (3) years;
and these statements are his or her agreements and representations, that this Form is issued in the reliance upon the truth of such representations and that this Form embodies all agreements existing between the Insured and the Insurer or any of its agents relating to this insurance.

The conditions, limitations, and other terms expressed in the Insuring Agreements, Exclusions, Definitions, and General Agreements shall prevail whenever they conflict with the Crime Standard Conditions contained in the policy.

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