

PrivateEdge Crime for Partnerships

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This Section is a separate Insurance Cover and all of the terms and conditions applying to this Insurance Cover 1.5- Crime Loss are stated herein. Coverage is only available under this Insurance Cover if marked as purchased on the Schedule.

The following Insurance Cover 1.5 is afforded solely for *direct financial loss first discovered* during the *policy period* and reported to the *insurer* as required by this policy.

In consideration of the payment of the premium or agreement to pay the premium, the *insurer* and the *policyholder* agree as follows:

1. Insurance Cover

1.5 Crime Loss

(i) Employee and Third Party Dishonest Acts

The *insurer* shall pay the *direct financial loss* of any *insured entity* resulting from *dishonest acts*.

(ii) Theft, destruction and damage of *money* or *securities*

The *insurer* shall pay the *direct financial loss* of any *insured entity* directly resulting from the physical loss of or damage to or actual destruction or disappearance of any *insured entity's money* or *securities* including damage to or actual destruction of safes or vaults. If such loss or damage is caused by fire, then the sub-limit referred to in Item 5 of the Schedule shall apply and shall be payable as part of the *limit of liability*.

(iii) Equity Partners

The *insurer* shall pay the *direct financial loss* of any *insured entity* resulting from *dishonest acts* of any *partner* who owns an equity share in the *partnership*. However, the *insurer's liability* for *direct financial loss* shall be reduced by:

- a) any amount owed to such person by the *insured entity*; and
- b) the financial value of such person's share in the *insured entity* as determined by an independent valuation of such share as at the date such *dishonest act* is first *discovered*.

(iv) Fees, costs and expenses

The following applies to fees, costs and expenses incurred during the *policy period* up to the sub-limits referred to in Item 6 of the Schedule for each item, for which no *retention* shall apply and which are payable in addition to the *limit of liability*:

a) Legal fees

The *insurer* shall pay the *insured entity's* reasonable legal fees costs and expenses incurred in the defence of any written demand, claim, suit or legal proceeding, which the *insured entity* subsequently establishes results directly from a covered or potentially covered *direct financial loss*.

b) Reconstitution costs

The *insurer* shall pay the *insured entity's* reasonable fees, costs and expenses incurred in rewriting or amending the *insured entity's* software programs or systems

where such rewriting or amending is necessary to correct the programs or systems following a covered *direct financial loss*.

c) Use of fraud investigator

The *insurer* shall pay the *insured entity's* reasonable fees, costs and expenses incurred in retaining a fraud investigator, pre-approved by the *insurer* in writing, to investigate, prove and report a covered or potentially covered *direct financial loss*. The fraud investigator must not have a conflict of interest.

2. Extensions

2.1 Discovery period

The *policyholder* shall be entitled to a *discovery period*:

- (i) automatically of 90 days if this policy is not renewed or replaced with a similar policy; or
- (ii) as specified in item 9 of the schedule, subject to the *policyholder* making a request for such *discovery period* in writing and paying any additional premium required, no later than 30 days after the expiry of the *policy period*.

A *discovery period* is non cancellable and shall not apply if a *transaction* occurs.

2.2 New subsidiaries

If the *policyholder* during the *policy period*:

- (i) obtains either directly or indirectly, through one or more of its *subsidiaries*:
 - a) control of the composition of the board of directors;
 - b) control of more than half of the shareholder voting power; or
 - c) a holding of more than half of the issued share capital;of any entity; or
- (ii) creates any entity,

then the term *subsidiary* will be extended to include that entity automatically, unless at the time of obtaining such control or holding or creation, the entity is:

- (i) incorporated or domiciled in the United States of America;
- (ii) has any of its *securities* listed on a securities exchange or market; or
- (iii) is situated in a country in which a *company* does not already hold a *subsidiary*.

3. Definitions

In this policy the following words in italics shall have the definitions that follow:

3.1 *Direct financial loss*

direct financial loss sustained by any *insured entity*.

3.2 *Discovered*

knowledge of any act, omission or event which could reasonably be seen to give rise to a *direct financial loss* by any of the *insured entity's responsible persons*.

3.3 *Discovery period*

a period immediately following expiry of the *policy period* during which written notice may be given to the *insurer* of any *direct financial loss* first *discovered* during such period of time in connection with any act committed prior to the end of the *policy period*, provided any applicable additional premium required by the *insurer* is paid within 30 days of expiry of the *policy period*.

3.4 *Dishonest act*

any fraudulent or dishonest act committed by any *employee* or *third party* with the intent to cause a *direct financial loss* to the *insured entity*. *Dishonest act* does not mean any authorised or unauthorised trading unless covered under Insurance Cover 1.5 and which results in an *employee* or *third party* making improper financial gain for themselves or for any individual or organisation intended by such *employee* or *third party* to receive such gain.

3.5 *Employee*

- (i) any partner;
- (ii) natural person full-time, part-time, seasonal or temporary worker of any *partnership* who works under a contract of service with the *partnership*, or who is undertaking work experience, whom such *partnership* has the right to govern and direct in the performance of such services, and whom the *partnership* compensates by way of salary, wages and/or commissions.
- (iii) any natural person independent contractor or secondee if such individual is under the direction and supervision of the *partnership* and the *partnership* provides indemnification to such individual in the same manner as is provided to the *employees* referred to in (i);
- (iv) any natural person employed by an organisation to which the *partnership* outsources any normal administrative function under a written contract of engagement with such organisation; or
- (v) any pension trustee.

Employee does not mean any *partner* who owns an equity share in the *partnership* unless to the extent covered under Insurance Cover 1.5 (iii)-Equity Partners.

3.6 *Insured entity*

any *partnership* or *plan*.

3.7 *Insurer*

AIG UK Limited.

3.8 *Limit of liability*

the sums specified at Item 4 of the schedule corresponding to Insurance Cover 1.5 Crime Loss.

3.9 Limited Liability Partnership

A partnership as determined by the Limited Liability Partnership Act 2000.

3.10 Loss

direct financial loss

3.11 Member

Any member of a Limited Liability Partnership.

3.12 Money

currency, coins, bank notes and bullion, cheques, travellers' cheques, registered cheques, postal orders and money orders.

3.13 Partner

Any natural person who was, is or during the policy period becomes:

- (i) a principal or partner of any *partnership*; or
- (ii) a member.

3.14 Partnership

the *policyholder* or any *subsidiary*.

3.15 Pension Trustee

- (i) any natural person who was, now is or shall become:
 - a) named as a pension trustee or administrator of the *plan* or constructive trustee of the *plan*;
 - b) a director or officer or *employee* of a *partnership*, *plan* or corporate pensions trustee company, established to act as a pension trustee of the *plan*, but not an external auditor or insolvency office-holder;
- (ii) any corporate pension trustee company established to act as a pensions trustee or administrator of the *plan*

but solely while acting in the capacity as a pension trustee or administrator of the *plan*.

- (iii) any natural person who was, is or during the *policy period* becomes responsible for internal dispute resolution procedures of a *plan* as defined in section 50 of the Pensions Act 1995.

3.16 Plan

- (i) any past, present or future employee benefit or welfare benefit plan; or
- (ii) any past or present pension plan;

established, administered or sponsored by the *partnership* for the sole benefit of its *employees*; or

- (iii) any pension, employee benefit or welfare benefit plan merged, transferred or terminated prior to or during the *policy period*;

- (iv) any pension, employee benefit or welfare benefit plan created or acquired by the *policyholder* during the *policy period*.

3.17 Policyholder

the organisation specified in Item 1 of the Schedule.

3.18 Policy period

the period from the inception date to the expiry date specified in Item 3 of the schedule.

3.19 Responsible person

any *partner* other than any *partner* who has committed a *dishonest act*.

3.20 Retention

the sum specified in Item 4 of the Schedule.

3.21 Securities

all negotiable and non-negotiable instruments or contracts, including any note, stock, bond, debenture, evidence of indebtedness, share or other equity or debt security, representing either money or property, but does not include *money*.

3.22 Subsidiary

an entity:

- (i) which does not have its *securities* listed on any securities exchange; and
- (ii) in which the *policyholder* either directly or indirectly through one or more other entities:
 - a) controls the composition of the board of directors; or
 - b) controls more than half of the shareholder voting poweron or before the inception date of this policy.

Cover for any *subsidiary* shall only apply for *dishonest acts* committed whilst such entity is a *subsidiary*.

3.23 Third party

any person who is not an *employee* of any *insured*.

3.24 Transaction

any one of the following events:

- (i) the *policyholder* consolidates with or merges into, or sells all or substantially all of its assets to, any other person or entity or group of persons and/or entities acting in concert; or
- (ii) any person or entity, or group of persons and/or entities acting in concert shall acquire an amount of the outstanding *securities* representing more than 50% of the voting power for the election of directors, *partners*, *members*, trustees of the *policyholder*; or acquires the voting rights of such an amount of such *securities*.

4. Exclusions

The *insurer* shall not be liable for:

4.1 Benefits

salaries, fees, commission, bonuses and similar *employee* benefits earned in the normal course of employment.

4.2 Prior notifications or known circumstances

direct financial loss:

- (i) arising out of, based upon or attributable to any fact, matter, circumstance or occurrence which has been notified to any insurer under any other policy of insurance effected prior to the inception date of this policy; or
- (ii) of which the *insured entity* or its *responsible persons* were aware prior to the inception date of this policy; or
- (iii) occurring prior to the date upon which a *subsidiary* became a covered *subsidiary*.

4.3 Direct Financial Loss sustained after knowledge

direct financial loss occurring after the time any *responsible person* of an *insured entity* first becomes aware that:

- (i) any *dishonest act* has occurred; or
- (ii) an *employee* has previously committed a dishonest or fraudulent act prior to employment with any *insured entity*.

4.4 Confidential information

loss of or damage to proprietary information, intellectual property, trade secrets, confidential processing methods, or other confidential information of any kind.

4.5 Agent acts

any act, error or omission of any independent contractor (other than an *employee*), broker, merchant, external solicitor or external account, or other similar agent or representative. This exclusion shall not apply to any organisation to which the *insured entity* has outsourced any normal administrative function under a written contract of engagement with such organisation.

4.6 Premises damage

Damage or destruction to any premises or building

4.7 Fire

- (i) *direct financial loss* or damage caused by fire, other than loss of or damage to *money, securities, safes or vaults* covered under Insurance Cover 1.5 (ii) -Theft, destruction and damage of *money* or *securities*.

4.8 Forcible and Violent Theft

direct financial loss occurring following forcible or violent entry to any premises occupied by an *insured entity* by any *third party*, where such *third party* is acting alone and not in collusion with any *employee*; other than where covered under Insurance Cover 1.5 (ii).

4.9 Voluntary exchange or purchase

direct financial loss arising out of the voluntary giving or surrendering (whether or not such giving and surrendering is induced by deception) of *money*, *securities* or other property in any exchange or purchase, unless the *insured entity* has taken reasonable steps to prevent such *direct financial loss*.

4.10 Profit, loss or inventory computation

direct financial loss which can only be proved solely by:

- (i) a profit and loss computation or comparison; or
- (ii) a comparison of inventory records with an actual physical count.

5. Reporting and Assessment of Direct Financial Loss

5.1 Reporting a direct financial loss

Direct financial loss must be reported as soon as practicable as soon as a *responsible person* first becomes aware of such *direct financial loss*, but in all events no later than:

- (i) during the policy period or discovery period; or
- (ii) within 90 days after the end of the *policy period* or *discovery period* as long as notice is given to the *insurer* within 90 days after such *direct financial loss* is first *discovered* by the *insured entity*.

If the *insured entity* notifies a *direct financial loss* to the *insurer* then the *insured entity* must provide to the *insurer* as soon as practicable but no later than 6 months after such loss is first *discovered*:

- (iii) affirmative proof of *direct financial loss*; and
- (iv) all requested information and documents and co-operation in all matters pertaining to *direct financial loss*.

Direct financial loss discovered by an *insured entity* or any *responsible person* of such *insured entity* shall constitute knowledge possessed and *direct financial loss discovered* by all *insured entities*.

All notifications relating to *direct financial loss* must be in writing to:

Financial Lines Claims
AIG UK Limited
2-8 Altyre Road
Croydon CR9 2LG.

or by facsimile to + 44 020 8680 7321.

or by email to Claims.Privateedge@aig.com.

5.2 Related direct financial loss

For the purpose of the *limit of liability* and applying the *retention*, any *direct financial loss* resulting from any single act, single omission, or single event, or series of related or continuous act, omissions or events shall be considered a single *direct financial loss*.

5.3 Subrogation

In the event of any payment under this policy, the *insurer* shall be subrogated to the extent of such payment to all of the *insured entity's* rights of recovery, contribution and indemnity and the *insured entity* will provide all reasonable assistance and will do nothing to prejudice such rights.

5.4 Basis of Valuation

In no event shall the *insurer* be liable under this Insurance Cover 1.5 Crime Loss for more than:

- (i) the actual market value of *securities, money* or precious metals at the close of business on the day the *direct financial loss* was first *discovered* (determined by the value published in the Financial Times in the United Kingdom), or the actual cost of replacing the *securities, money* or precious metals, whichever is less;
- (ii) the actual cash value of other property (not referred to in (i) above) at the close of business on the day the *direct financial loss* was first *discovered*, or the actual cost of replacing the property with property of like quality or value, whichever is less;
- (iii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the *insured entities* in order to reproduce books of account or other records; or
- (iv) the cost of labour for the actual transcription or copying of electronic data furnished by the *insured entities* in order to reproduce such electronic data.

5.5 Use of fraud investigator

In addition to reporting and investigation of *direct financial loss* in accordance with Insurance Cover 1.5 (iv) (c) , the fraud investigator shall advise as to when and how the *insurer entity's* controls were or may have been breached and summarise recommendations which may prevent future similar *direct financial loss*. The *insurer* has the right to attend the initial meeting between the *insured entity* and the fraud investigator. There shall be no cover for the costs and expenses of a fraud investigator unless the fraud investigator is pre-approved by the *insurer* in writing.

6. Limit & Retention

6.1 Limit of liability

The *limit of liability* is the maximum limit of the *insurer's* liability with respect to any single *loss* arising under this Insurance Cover 1.5 Crime Loss. The *limit of liability* shall apply to any one *loss*, and not on an aggregate basis, unless specified otherwise in the schedule. The *insurer* shall have no further liability in excess of the *limit of liability* for any one *loss*, irrespective of the number of *insured entities* or amount of any *direct financial loss*. Where a sub-limit of liability applies to any Insurance Cover or Extension, then such sub-limit is the most the *insurer* will pay under this policy for any single *loss*.

6.2 Retention

The *insurer* shall only pay the amount of any *direct financial loss* which is in excess of the applicable *retention*. No *Retention* shall apply to Insurance Cover 1.5 (iv) and to any *pension trustee dishonest act* in connection with the Employee Retirement Income Security Act of 1974 (USA).

7. General Provisions

7.1 Cancellation

This policy may not be cancelled except for non-payment of the premium by the *policyholder*.

7.2 Other insurance and indemnification

This policy shall always apply excess over any other:

- (i) more specific valid and collectible insurance available to the *insured entity* from any other party; and
- (ii) any *money, securities* or other property received by the *insured entity* from any other party in connection with any covered *direct financial loss*.

7.3 Changes in Risk

The *insurer* shall not be liable for *direct financial loss* suffered as a result of a *dishonest act* occurring after the effective date of a *transaction*.

Cover shall only apply to an *insured entity* after that date on which such *insured entity* became an *insured entity*. Cover for any *plan* that was transferred, spun-off or terminated prior to or during the *policy period* shall only apply to covered acts, errors or omissions occurring prior to the date such *plan* was transferred, spun-off or terminated.

7.4 Disputes

Any dispute regarding any aspect of this policy or any matter relating to cover thereunder which cannot be resolved by agreement within 30 days, shall be referred, at the *insurer's* expense, to binding arbitration by either party, upon giving 7 days notice to the other, in the London Court of International Arbitration (LCIA), whose rules shall be deemed incorporated by reference to this clause.

7.5 Proposal and Representation

In granting cover to the *insured entity*, the *insurer* has relied upon the statements and particulars in the proposal together with its attachments and other information supplied. All such statements, attachments and information are the basis of and are incorporated into the contract. The *insured entity* shall not conceal or misrepresent any material fact or circumstance when making such representation.

7.6 Notice and authority

The *policyholder* shall act on behalf of all *insured entities* with respect to the giving of notice of any *direct financial loss*, the payment of premiums and the receiving of any return premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining of any right to a *discovery period*.

7.7 Assignment

This policy nor any right hereunder may be assigned without the prior written consent of the *insurer*.

7.8 Governing law

Any interpretation of this policy or issue relating to its construction, validity or operation shall be determined by the laws of England and Wales.

7.9 Contracts (Rights of Third Parties) Act 1999

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an *insured entity*, whether pursuant to the Contracts (Rights of Third Parties) Act 1999 or otherwise.

7.10 Headings and Titles and other References

The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this policy. Words and expressions in the singular shall include the plural and vice versa. In this policy, wordings in italics typeface shall have special meaning and are defined. Words that are not specifically defined in this policy have the meaning normally attributed to them. A reference to "this policy" herein shall mean a reference to this Insurance Cover 1.5 Crime Loss policy only. References to legislation shall be those of England and Wales, unless otherwise specified, and shall include any subsequent amendments or re-enactments thereof, and the equivalent legislation in other jurisdictions. All reference to titles and positions shall mean the equivalent in other jurisdictions.

7.11 Complaints

Every effort is made to ensure you receive a high standard of service. If you are not satisfied with the service you have received, you should contact:-

Customer Relations Manager
AIG UK Limited
2-8 Altyre Road
Croydon
CR9 2LG

e-mail: uk.customer.relations@aig.com

To help us to deal with your comments quickly, please quote your policy or *claim* number and name of the *policyholder*.

We will do our best to resolve any difficulty directly with you, but if we are unable to do this to your satisfaction you may be entitled to refer the dispute to the Financial Ombudsman Service who will review your case and who may be contacted at:

**Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR**

e-mail: complaint.info@financial-ombudsman.org.uk, or telephone 0845 080 1800.