

THEFT BY EMPLOYEES SECTION

Only applicable if this Section is shown as operative in the Schedule

Definitions

Wherever the following words and phrases appear in this Section they will always have these meanings

Employee

Any person working for the Insured in connection with the Business who is

- a) engaged under a contract of service or apprenticeship between such person and the Insured and
- b) remunerated wholly or mainly by salary or wages and
- c) named or otherwise described in the Schedule

Territorial Limits

Anywhere in Great Britain Northern Ireland the Channel Islands and the Isle of Man

Cover

The Company will indemnify the Insured against

1. direct loss of money or property belonging to the Insured or for which the Insured is legally responsible as a direct result of any act of fraud or dishonesty committed by an Employee after the commencement date applicable to such Employee and during the Period of Insurance provided that
 - a) any loss is discovered not later than twenty-four months after the termination of
 - (i) the employment of the Employee or Employees concerned in such loss or
 - (ii) the insurance in respect of the Employee or Employees concerned in such loss or
 - (iii) this Sectionwhichever occurs first
 - b) the act of fraud or dishonesty is committed within the Territorial Limits
2. the cost of any special professional audit necessarily incurred with the written consent of the Company solely to substantiate the amount of loss

Limit of Indemnity

1. The liability of the Company including liability for Auditors fees shall not exceed
 - a) in respect of any Employee the Limit of Indemnity stated against his/her name or description and
 - b) in respect of all claims under this Section the Aggregate Limit of Indemnityshown in the Schedule
2. In the event of this Section continuing in force for more than one Period of Insurance the liability of the Company shall not be accumulated or increased thereby and the aggregate liability of the Company during any number of Periods of Insurance under this Section shall not exceed the Limits of Liability as defined in 1(a) and (b) above
3. The Company agrees upon notification of a claim to reinstate the Aggregate Limit of Indemnity by any sum or sums paid or payable under this Section provided that
 - a) such reinstated sum shall apply only to Employees not the subject to such claim
 - b) such reinstated sum shall only apply to acts of fraud or dishonesty committed after such date of notification
 - c) the Insured agrees to pay an appropriate additional premium calculated on the reinstated amount

Exclusions

The Company will not indemnify the Insured in respect of

1. the amount stated in the Schedule in respect of each and every claim
2. loss of interest loss of profits or consequential loss of any kind
3. any loss arising from any act or acts of fraud or dishonesty committed by an Employee or Employees after the discovery of a prior act of fraud or dishonesty committed by the same Employee or Employees

Improper Personal Financial Gain

Notwithstanding anything contained herein to the contrary the Company shall not be liable for any loss under this Section unless such loss arises from the fraudulent or dishonest act of an Employee which is committed with the intent of making and which results in improper personal financial gain for any Employee whether committed alone or in collusion with others

Salary fees commissions and other emoluments including salary increases and promotions shall not constitute improper financial gain

Subject otherwise to the terms exceptions and conditions of the Policy

Special Conditions

1. Alteration of Risk

The Insured shall comply with the system of check supervision and procedures for obtaining references from former employers all as declared to the Company Unless the Company has consented in writing to any alteration the Company shall not be liable to make any payment if there shall be any change in the nature of the Business of the Insured or any non-compliance with such system of check supervision and procedures

2. Notice of Loss

Whether or not it is intended to make a claim the Insured shall give notice in writing to the Company within 14 days of discovery of

- a) any act of fraud or dishonesty committed by any Employee or
- b) reasonable cause for suspicion of fraud or dishonesty committed by any Employee which shall have come to the knowledge of the Insured or of any representative of the Insured to whom is entrusted the duty of superintendence or audit

3. Loss Prevention

On discovery of any act of fraud or dishonesty or circumstances which could give rise to a claim under this Section the Insured shall immediately take all steps to prevent loss or further loss

4. Reimbursement

The Insured shall give all information and assistance to enable the Company to sue for and obtain reimbursement of any monies which the Company shall have paid or become liable to pay under this Section

5. Deduction from Loss

All monies which but for the fraud or dishonesty of the Employee would become payable to him/her by the Insured and any monies recovered from the Employee by the Insured shall be deducted from the loss

6. Recoveries

Any recoveries effected by the Insured shall be applied in the following order

- a) in reduction of the loss suffered by the Insured which would have been covered by this Section but for the application of the Specific Limit of Indemnity and/or Aggregate Limit of Indemnity as the case may be
- b) in reduction of the loss suffered by the Company
- c) in reduction of the loss suffered by the Insured in respect of the Excess

7. Arbitration

If the Company admits liability for a claim but the Insured cannot agree with the Company the amount to be paid the disagreement will be referred to an arbitrator appointed jointly by both parties in accordance with the law in force at the time The Insured cannot take action in law against the Company over this disagreement until the arbitrator has made his award

8. Condition Precedent

It is a condition precedent to any liability on the part of the Company under this Policy that –

- a) the terms so far as they relate to anything to be done or complied with by the Insured are duly and faithfully observed and
- b) the statements made and the answers given in the proposal herein before referred to are true and complete

9. Check and Supervision Statement and Business Activities

Unless the Company shall consent in writing to any alteration the Company shall not be liable to make any payment under this policy if the nature of the business carried on shall be changed or if the system of Check and Supervision as detailed in the written statement or statements received by the Company from the Insured is not adhered to

THE GENERAL CONDITIONS OF THE POLICY SHALL NOT APPLY TO THIS SECTION OTHER THAN THOSE HEADED INSTALMENTS AND CANCELLATION