



Theft by employees section

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Your schedule will show if this section is covered.

Meanings of defined terms

These meanings apply within **your** Theft by employees section. If a word or phrase has a defined meaning it will be highlighted in bold blue print and will have the same meaning wherever it is used in this section. The meaning of defined terms that apply throughout **your policy**, and not just this section, can be found on page 5 of the General introduction section of **your policy**.

Dishonesty

Any act of fraud or dishonesty to obtain improper financial benefit (other than commission and other emoluments including salary increase and promotions).

Employee(s)

- 1 Person excluding directors who is working for **you** in connection with the **business** under a contract of service or apprenticeship with **you** and remunerated wholly or mainly by salary or wages
- 2 Person while working under **your** control in connection with the **business** who is
 - a under a work experience or training scheme
 - b working exclusively for **you** and for no other party under a contract for services as a consultant having previously been employed by **you**
- 3 Director of **yours** if that person
 - a is also employed by **you** under a contract of serviceand

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- b** controls no more than 5% of the issued share capital of **your** company or of any subsidiary of **your** company.

Loss

Direct loss of money or property belonging to **you** or for which **you** are legally responsible.

Previous insurance

Insurance policy or bond held in force by **you** immediately prior to this insurance covering the same **loss**.

✓ What is covered

We will cover **you** for

- 1** **loss** as a direct result of any act of **dishonesty** committed by an **employee(s)** described or named in **your** schedule during the **period of insurance** in connection with the **business**

provided that

- a** any **loss** is discovered no later than 24 months after the termination of
 - i** the employment of the **employee(s)** identified in such **loss**
 - ii** the insurance in respect of the **employee(s)** identified in such **loss**

whichever occurs first and if more than one **employee** is involved in a **loss** the discovery period begins with the initial termination

- b** the act of **dishonesty** is committed within the **policy territories**
- 2** the cost of any special professional audit to substantiate the amount of **loss** provided that those costs are incurred with **our** prior written consent.

Previous insurance cover

We will cover **you** for any **loss** not recoverable solely because the period allowed for discovery has expired under the **previous insurance**, as long as the **loss** is discovered during the **period of insurance**

provided that

- 1** the **previous insurance** had been continuously in force from the time of the **loss** until the start of this section
- 2** the **loss** would have been covered by this section had it been in force at the time of the **loss**
- 3** **our** liability shall not exceed whichever is the lesser of
 - a** the amount recoverable under the **previous insurance** in force at the time of the **loss** or
 - b** the limit of indemnity under this section.

Our total liability for any one claim continuing through both the term of the **previous insurance** and the continuation of this insurance will not exceed the limit of indemnity applicable under this section.

Reinstatement of electronic data cover

We will cover **you** for the reasonable cost of rewriting or amending the software programs or systems where rewriting or amending is necessary to correct the programs or amend the security codes following the fraudulent use of the computer hardware, software programs or systems and which was the subject of a claim under this section.

Limit of indemnity

- 1** **Our** liability including auditors fees shall not exceed the limit of indemnity shown in **your** schedule
 - a** for any **employee(s)**
 - b** for all claims under this section during any one **period of insurance**
- 2** **We** agree, upon notification of a claim, to reinstate the limit of indemnity by any sum or sums paid or payable under this section provided that
 - a** the reinstated sum only applies to **employee(s)** who are not the subject of such claim
 - b** the reinstated sum only applies to acts of **dishonesty** committed after the date of the claim notification

c **you** agree to pay an appropriate additional premium calculated on the reinstated amount

3 **Our** maximum liability in respect of any one **loss** will be the limit of indemnity shown in **your** schedule applicable at the date when the **dishonesty** of the **employee(s)** is first discovered, no matter how many **periods of insurance** are involved.

Our liability will not be cumulative from **period of insurance** to **period of insurance**.

4 If this **policy** replaces any **previous insurance**, the losses forming part of any claim will be apportioned to the appropriate insurer so that the earliest **loss** sustained is paid first. Losses will then be settled in date order until the limit applicable to the claim is reached.

x What is not covered

Excess

The **excess** will apply to each and every **loss**, whether involving one or more **employee(s)**.

Loss of profits exclusion

We will not cover **loss** of interest, **loss** of profits or any indirect **loss** resulting from any acts of **dishonesty**.

Malicious damage exclusion

We will not cover any **loss** arising from malicious damage including computer viruses, worms, trojan horses and the like.

Prior dishonesty exclusion

We will not cover any **loss** arising from any act or acts of **dishonesty** committed by an **employee(s)** who **you** have continued to employ after discovering a prior act of **dishonesty** committed by the same **employee(s)**.

Unidentified loss exclusion

We will not cover **loss** arising from any act of **dishonesty** committed by any **employee(s)** who **you** are unable to identify by name.

Section conditions

These conditions of cover apply only to this section. **You** must comply with these conditions to have the full protection of **your policy**.

Conditions may specify circumstances whereby non-compliance will mean that **you** will not receive payment for a claim. However **you** will be covered and **we** will pay **your** claim if **you** are able to prove that the non-compliance with these conditions could not have increased the risk of the **loss** which actually occurred in the circumstances in which it occurred.

Discovery condition

- 1 Whether or not **you** intend to make a claim, **you** must give **us** notice in writing within 14 days of
 - a discovering any act of **dishonesty** committed by any **employee(s)**
 - b reasonable cause for suspicion of **dishonesty** committed by any **employee(s)** that **you** become aware of, or any representative that is entrusted with audit or supervisory responsibility becomes aware of
- 2 On discovering any act of **dishonesty** or circumstances which could give rise to a claim under this section, **you** must take all steps to prevent **loss** or further **loss** as quickly as possible.

If **you** do not comply with this condition **you** will not be covered and **we** will not pay **your** claim.

Minimum standards of control condition

Unless **we** agree in writing to any alteration, the following minimum standard of control for the check and supervision of **employee(s)** must be maintained in force and adhered to by **you**.

1 Audit control

Your accounts must be independently audited every twelve months by external auditors and any recommendations on internal controls implemented.

2 Banking control

- a **You** must operate a system of dual control and independent validation for all payments from bank accounts, including the drawing and signing of cheques and the use of electronic funds transfers
- b **You** must operate a system of dual control over the opening of new bank accounts or amending approved signatory details
- c Bank statements must be reconciled at least monthly independently of **employee(s)** permitted to receive or make payments, draw or sign cheques, or transfer funds electronically.

3 Cash control

Cash in hand and petty cash must be checked independently of **employee(s)** responsible for receiving or holding the cash, at least monthly.

4 Computer systems control

- a All computer systems users must have a unique password in order to access, update or amend **your** computer systems and programmes
- b All amendments to computer system programmes and authorisation levels must be approved independently of the persons making the amendment
- c All passwords must be withdrawn when **employee(s)** leave.

5 Contracts control

- a **You** must ensure that no single **employee** can control the process of appointing suppliers and / or awarding contracts from commencement to completion, without referral to others
- b Responsibility for the ordering of stock and materials, the recording of receipt of and the authorising of payment for them, must be performed by different **employee(s)** acting independently.

6 References control

You must have a process in place designed to confirm that all **employee(s)** who will have responsibility for money, goods, accounts or computer programming have satisfactory references and are suitable for the position to be held including

- a references from the previous employer for new **employee(s)**
- b character references where **employee(s)** have not been in continuous full time employment for the previous 2 years.

7 Salaries and wages control

Wages/salaries must be independently checked against personnel records for fictitious names or any unusual or excessive payments.

8 Statements of account control

- a Statements of account for all sums due must be issued at least monthly and direct to customers independently of **employee(s)** receiving payments
- b Management actions must be taken at least monthly to examine sales receipts and outstanding customer accounts and any variances against budget or expected income investigated.

9 Stock controls

Stock is to be independently and physically checked at least once every twelve months by **employee(s)** not responsible for daily stock handling or ordering and accounted for against stock records.

If **you** do not comply with this condition **you** will not be covered and **we** will not pay **your** claim.

Premium adjustment condition

If any part of the premium has been calculated on estimates **you** must, at **our** request, tell **us** the actual figures on the expiry of the **period of insurance** so that the final premium can be calculated using the agreed rates. If the adjusted premium is less than the estimated premium **we** will not return more than 10% of the original premium.

Recoveries condition

- 1 All monies which, but for the **dishonesty** of the **employee(s)**, would become payable to them by **you** and any monies recovered from the **employee(s)** by **you** will be deducted from the **loss**
- 2 Any recoveries obtained by **you** will be applied in the following order
 - a in reduction of the **loss** suffered by **you** which would have been covered by this section, but for the application of the limit of indemnity
 - b in reduction of the **loss** suffered by **us**
 - c in reduction of the **loss** suffered by **you** for the amount excluded.

Reimbursement condition

You must give all information and assistance to enable **us** to take legal action to obtain reimbursement of any monies which **we** have paid or have become liable to pay under this section.

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