



**ZURICH
MUNICIPAL**

Select

Additional Covers module



Part A – fidelity guarantee

Section 1 – Special Definitions

Assets

Money, securities, goods or other property belonging to the insured or in the insured's trust or custody for which the insured is legally responsible.

Computer Equipment

- a) Computer hardware and its peripheral devices including interconnecting wiring and media used for electronic processing, communication and storage of data
- b) temperature and environmental control, power supply and voltage regulating equipment and protective devices exclusively for use with computer hardware
- c) third party proprietary software held on media

in the insured's custody and control.

Person Guaranteed

Any person specified in the schedule.

Systems of Selection and Control

- a) The systems of **employee** selection utilised to ensure the suitability of **employees** to hold positions of trust; and
 - b) the systems of security, authorisation, checking, audit and similar procedures utilised for the purposes of preventing and identifying any act of fraud or dishonesty by any Person Guaranteed
- details of which have been supplied in a proposal to the insurer.

Section 2 – Cover

The insurer will indemnify the insured in respect of loss of Assets occurring as a direct result of any act of fraud or dishonesty committed by any Person Guaranteed acting alone or in collusion with others during the period of insurance provided always that such loss is discovered not more than 24 months following:

- a) the termination of the insurance relative to the Person Guaranteed concerned in such loss
- b) the termination of employment with the insured of the Person Guaranteed or the last of the respective Persons Guaranteed if more than one was concerned with the fraud or dishonesty
- c) the termination of this part

whichever happens first.

2.1 Automatic Reinstatement of Sum Guaranteed

Upon discovery of a loss leading to a valid claim under this part the sum guaranteed will be reinstated by the amount of such loss as subsequently ascertained.

Provided always that:

- a) the amount by which the sum guaranteed is reinstated will only apply to acts of fraud or dishonesty committed subsequent to the date of such reinstatement
- b) the insured will pay any additional premium required by the insurer.

2.2 Bailiffs

Any person, partnership, firm or company (or employees of any of them) duly appointed or acting for the **insured** under a contract for services as a bailiff for the recovery of sums due to the **insured** will be treated as an **employee** and when so treated the words fraud and dishonesty will be held to include the bankruptcy, insolvency or liquidation of the bailiff.

2.3 Third Party Computer Fraud

Where this clause is stated by endorsement in the schedule as being operative and subject to the following supplementary conditions the **insurer** will indemnify the **insured** in respect of loss of Assets directly resulting from **hacking** occurring during the period of insurance which is discovered during that period of insurance or within a period of 24 months following the expiry of that period of insurance.

Provided always that the **insurer** will not be liable under this clause for:

a) Electronic Data

any loss not involving addition, amendment, substitution, corruption or distortion of or to electronic data

b) Employee Dishonesty

any loss caused by an **employee** or by any other party or parties acting in collusion with any **employee**

c) Excess

the first £5,000 or any higher amount stated in any endorsement to this clause appearing in the schedule in respect of any one claim or series of claims consequent upon or attributable to any person or any group of persons acting in collusion

d) Loss Limitation

more than the sum insured stated by endorsement in the schedule in respect of:

- i) any one loss
- ii) the total of all losses discovered during any one period of insurance where any losses discovered within 24 months of the termination of this cover extension will be treated as having been discovered during the final period of insurance
- iii) any number of losses during any number of periods of insurance forming the basis of any one claim whether under this clause or any similar policies issued in addition to them or in substitution for them

e) Other Insurance

any loss caused by any other person in respect of whom employee dishonesty or fidelity guarantee insurance has been effected by the **insured** or caused by any other party or parties acting in collusion with any such person.

Supplementary Conditions to Cover 2.3

1. Employee Dishonesty and Data Erasure Insurance

It is a condition precedent to the liability of the **insurer** under this clause that:

- a) employee dishonesty or fidelity guarantee insurance for all **employees** must be insured with the **insurer** under this part; and
- b) the basic sum guaranteed under such employee dishonesty or fidelity guarantee insurance must be equal to or more than the limit of liability under this clause; and
- c) the **insured** must have in place insurance against erasure, destruction, corruption or distortion of software or data which is the subject of **hacking**.

2. Notification of Loss

It is a condition precedent to the **insurer's** liability under this clause that the **insured** will as soon as practicable and with due diligence give notification in writing to the **insurer** of any loss or possible loss. The **insurer** will not be liable for any loss arising after such notification attributable to the same source of **hacking** which gave rise to such notification.

3. Particulars of Loss

The **insured** will at the **insured's** own expense and within 3 months (or such longer period as the **insurer** may allow) following notification of a claim deliver to the **insurer** full particulars of the loss including the amount and the identity of the person or persons alleged to have been responsible and will provide the **insurer** with further particulars, information, proofs and explanations as may be reasonably required.

4. Systems of Security

It is a condition precedent to the **insurer's** liability in respect of **hacking** that:

- a) a documented information security policy must be maintained and this must be approved by management, published and communicated to all **employees** using Computer Equipment
- b) **access** to all networks and systems must be authenticated by means of individual user identifications and passwords which are unpredictable, alphanumeric of at least 6 characters and required to be changed at least every 90 days
- c) firewalls must be in place to prevent **hacking** on all connections from internal networks and systems to external networks
- d) remote users must be authenticated before being allowed to connect to internal networks and systems
- e) anti-virus software must be installed on all networks and systems to protect against viruses, worms and other malicious code.

Section 3 – Special Extensions

Applicable only where stated in the schedule.

A Auditors Fees

The **insurer** will indemnify the **insured** in addition to the sum guaranteed in respect of costs and expenses necessarily incurred by the **insured** in investigating and proving any act of fraud or dishonesty which results in a claim under this part provided always that the liability of the **insurer** under this extension will not exceed 10% of the amount otherwise payable in respect of such claim.

B Official School Bank Accounts

Assets includes the contents of official school bank accounts for which the **insured** is responsible held by any educational establishment in the area administered by the **insured**.

C Unofficial School Funds

Assets includes unofficial school funds for which the insured is responsible held by any educational establishments in the area administered by the insured.

Section 4 – Special Exclusions

This part does not cover:

1. Agency Staff

loss caused by any person assigned to perform employee duties for the insured by an agency if such loss is also covered under an insurance or surety held or indemnity given by the agency

2. Application of Systems of Selection and Control

- a) loss arising out of any act of fraud or dishonesty committed by any Person Guaranteed in respect of whom the Systems of Selection and Control have not been properly applied (or applied at all) and this exclusion will be a bar to any claim involving such a Person Guaranteed acting in collusion with another even though the Systems of Selection and Control have been properly applied to such other person. This exclusion will not be a bar to any claim if the insured can demonstrate that proper application of the Systems of Selection and Control would not have revealed any reason why the Person Guaranteed should not have been appointed to the position of trust held at the time of fraud or dishonesty
- b) any loss arising out of or contributed to by the insured failing to exercise properly the Systems of Selection and Control other than as specifically referred to in a) above

3. Consequential Loss or Loss of Interest

consequential loss of whatsoever nature or loss of interest

4. Internal Transfer

loss of any Assets when such Assets have been transferred from one part of the insured to another part of the insured

5. Inventory or Profit and Loss Computation

loss for which an inventory computation or profit and loss computation is the only means of proving either its factual existence or its amount

6. Prior Fraud or Dishonesty

any fraudulent or dishonest act committed by any employee from and after the time that the insured or any member, director, officer, departmental head, senior manager or the equivalent of them not acting in collusion with such employee will have knowledge or information that such employee has committed any fraudulent or dishonest act whether such act be committed before or after the date of commencement of employment by the insured

7. Reasonable Grounds for Suspicion

loss arising out of any act of fraud or dishonesty committed by any Person Guaranteed after the insured or any person acting on behalf of the insured has become aware of or has reasonable grounds for suspicion of any act of fraud dishonesty or improper or irregular conduct on the part of that Person Guaranteed and this exclusion will also be a bar to any claim involving such a Person Guaranteed acting in collusion with another or others even though such other person(s) may not have committed or have given reasonable grounds for suspicion of any act of fraud or dishonesty or irregular conduct.

Section 5 – Special Provisions

1. Insurer's Rights

The commencement of criminal proceedings against any Person Guaranteed alleged by the insured to have committed any act of fraud or dishonesty will not be a condition precedent to the right of the insured to indemnity under this part but in the event of the insurer being required to provide indemnity the insurer will be entitled to exercise in the name of the insured (but at its own expense) for its own benefit all the insured's rights of action against the Person Guaranteed or their estate. This part will be evidence of the insurer's leave so to do and the insured will provide all such assistance as the insurer may require in pursuit of the said rights.

2. Limit of Indemnity

The sum guaranteed stated in the schedule is the insurer's monetary limit in respect of:

- a) any one loss irrespective of the number of Persons Guaranteed involved
- b) the total of all losses discovered during any one period of insurance. Any losses discovered within the 24 month period allowed under section 2 proviso c) will be treated as having been discovered during the final period of insurance
- c) the total liability of the insurer during any number of periods of insurance and for any number of losses forming the basis of any one claim whether under this part or any similar policies issued in addition to or in substitution for them.

Where more than one sum guaranteed appears in the schedule the insurer's monetary limit will be the higher sum guaranteed relevant to the Persons Guaranteed involved in the loss or losses.

3. Non-identification

If a loss is alleged to have occurred as a direct result of any act of fraud or dishonesty committed by any Person Guaranteed and the insured are unable to discover the identity of the Person Guaranteed the insurer will indemnify the insured provided always that the evidence submitted proves beyond reasonable doubt that the loss was caused by the fraudulent or dishonest act of a Person Guaranteed.

Section 6 – Special Conditions

1. Prosecution

The insured will if and when required by the insurer but at the insurer's expense use all diligence in prosecuting to conviction any person by whose act of fraud or dishonesty a claim is made under this part.

2. Valuation of Securities

The insurer will not be liable in respect of securities for more than their actual cash value at the close of business on the business day preceding the day on which the loss was discovered.



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additional covers module - part A: fidelity guarantee

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Melton Borough Council
policy number: QLA-10H080-0113
period of insurance
from: 1st July 2013
to: 30th June 2014
long term agreement
expiry: 30th June 2015

	persons guaranteed	sums guaranteed
1	Eight designated officers (see Endorsement 1)	£5,000,000
2	All other employees	£250,000

Special Extensions: A

operative endorsements:

2 Exclusion

3 Section 3 of the Policy is inoperative
The designated officers referred to above are:

Corporate Directors x 2
Head of Central Services
Chief Accountant
Senior Accountant - Treasury
Accountancy Assistant Community Services
Team Leader Central Services
Senior Accountant - Housing
Accountancy Assistant Environment

Zurich Municipal is a trading name of Zurich Insurance plc a public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ
Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Services Authority. Details about the extent of our regulation by the Financial Services Authority are available from us on request.

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examined: