

SECTION 08 FIDELITY GUARANTEE

Defined events

- 1 Loss of money and/or other property belonging to the insured or for which the insured is responsible for, stolen by an insured employee or trustee during the period of cover provided by this section.
- 2 Direct financial loss sustained by the insured as a result of fraud or dishonesty of an insured employee or trustee all of which occurs during the period of cover provided by this section which results in dishonest personal financial gain for the employee or trustee concerned
provided that
 - 1 the company is not liable for all losses which occurred more than 24 months prior to discovery;
 - 2 all losses are discovered not later than 12 months after the termination of:
 - 2.1 this section, or
 - 2.2 this section in respect of any insured employee or trustee concerned in a loss, or
 - 2.3 the employment of the insured employee or trustee or the last of the insured employees or trustees concerned in a loss
 whichever occurs first;
- 3 **Blanket basis** - the liability of the company for all losses shall not exceed the sum insured stated in the schedule whether involving any one employee or trustee or any number of employees or trustees acting in collusion or independently of each other;
- 4 **Named or position basis** - the liability of the company for all losses involving any employee shall not exceed the sum insured stated opposite his/her name in the schedule or, if he/she is unnamed, the sum insured stated opposite the position held by him/her in the business as stated in the schedule;
- 5 renewal of this insurance from period to period or any extension of any period of insurance shall not have the effect of accumulating or increasing the liability of the company beyond the sum insured stated in the schedule. If the period of insurance is less than 12 months the company's liability is limited to the sum stated in the schedule during any 12-month period of insurance calculated from inception or renewal;
- 6 the term "dishonest personal financial gain" shall not include gain by an employee or trustee in the form of salary, salary increases, fees, commissions, bonuses, promotions or other emoluments.
- 7 the amount payable during any one period of 12 consecutive months from inception or anniversary date shall not exceed the sum insured stated in the schedule at the said inception or anniversary date as the case may be (or double the sum insured if the "Reduction/Reinstatement of the insured amount clause" applies). If the sum insured is increased the 12 consecutive months applies from the anniversary date. Any reinstatement between the date of increase and the anniversary date shall not exceed twice the sum insured

Specific conditions

1 General exceptions and conditions

General exceptions 6 (Nuclear weapons and radiation) and 9 (War, riot and terrorism) and general condition 14 (Reinstatement of cover after loss) do not apply to this section.

2 Non-disclosure

Non-disclosure of his own fraud or dishonesty or that of others with whom he is in collusion by the person signing any proposal form or giving renewal or other instructions shall not prejudice any claim under this section.

3 Recoveries by the insured

If the insured shall sustain any loss to which this section applies which exceeds the amount payable hereunder in respect of such loss, the insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security or indemnity taken or effected by the company or for the amount of any first amount payable) by whomsoever made on account of such loss until fully reimbursed, less the actual cost of effecting the same, and any remainder shall be applied to the reimbursement of the company.

4 Reporting to police

In the event of the discovery of any loss resulting from a defined event, the insured may, notwithstanding anything to the contrary contained in paragraph 3.1.2 of general condition 3 (Claims),

refrain from reporting the matter to the police but shall do so immediately should the company or legislation of the relevant country require such action to be taken.

5 Sum insured increase

If the sum insured shall be increased at any time, such increased amount shall apply only to defined events committed after the date of such increase.

6 Systems of check and control

The insured shall institute and/or maintain and continue to employ in every material manner all such systems of check and control, accounting and clerical procedures and methods of conducting his business as has been represented to the company but the insured may:

- 6.1 change the remuneration and conditions of service of any employee or trustee;
- 6.2 in respect of any employee or trustee who is described in the schedule by name, change his/her duties and position;
- 6.3 in respect of any employee or trustee who is described in the schedule only by the position held by him/her, remove such employee or trustee and place in his/her position any other person who falls within the definition of employee or trustee;
- 6.4 make such other changes as are approved beforehand in writing by the insured's auditors.

Specific exceptions

1 Acquisitions

This section does not cover any company or other legal entity acquired during the period of insurance.

2 Consequential loss

The company shall not be liable for any consequential losses of any kind following losses referred to under defined events.

3 Compulsory first amount payable

The company shall not be liable for the compulsory first amount payable.

4 Losses after insured becomes aware of fraud

The company shall not be liable for loss resulting from or contributed to by any defined event by any trustee or employee from the time the insured shall become aware that such trustee or employee has committed any fraud or dishonesty.

5 Manipulation of data

The company shall not be liable for any defined event if it results from the dishonest

- 5.1 manipulation of
- 5.2 input into
- 5.3 suppression of input into
- 5.4 destruction of
- 5.5 alteration of

any computer program, system, data or software by any insured employee or trustee who is employed in the insured's electronic data-processing department or area.

This exception does not apply to insured employees or trustees who are employed in the electronic data-processing department/area of any non-networked micro/personal computer.

Clauses, extensions and limitations

1 Accountants' clause

Any particulars or details contained in the insured's books of account or other business books or documents which may be required by the company under this section for the purpose of investigating or verifying any claim hereunder may be produced and certified by the insured's auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

2 Compulsory first amount payable clause

The amount payable under this section in respect of a defined event involving one employee or trustee or any number of employees or trustees acting in collusion shall be reduced by an amount equal to 10% of the claim subject to a minimum of N\$2 500. This amount shall be borne in full by the insured and remain uninsured.

3 Computer losses first amount payable clause

The percentage shown in clause 2 (Compulsory first amount payable clause) is increased from 10% to 20% if the defined event results from the dishonest

- 3.1 manipulation of
- 3.2 input into
- 3.3 suppression of input into
- 3.4 destruction of
- 3.5 alteration of

any non-networked micro/personal computer program, system, data or software by any insured employee whose duties involve the managing, supervision, design, creation or alteration of computer systems or programs.

4 Computer losses extension (if stated in the schedule to be included)

The insured having completed a satisfactory questionnaire, specific exception 5 (Manipulation of data) and the clause 3 (Computer losses first amount payable clause) are deleted.

5 Costs of recovery extension (if stated in the schedule to be included)

If the insured shall sustain any loss to which this section applies which exceeds the sum insured hereunder, the company will, in addition to the sum insured, pay to the insured costs and expenses not exceeding the amount stated in the schedule necessarily incurred with the consent of the company (which consent shall not be unreasonably withheld) for the recovery or attempted recovery from the employee or trustee in respect of whose dishonest or fraudulent acts the claim is made, of that part of the loss which exceeds the sum insured hereunder. All amounts recovered by the insured in excess of the said part of the loss shall be for the benefit of the company.

6 Extended cover for past insured employees / trustees extension

Any person who ceases to be an employee or trustee shall, for the purposes of this section, be considered as being an employee or trustee for a period of 30 days after such person in fact ceased to be an employee or trustee.

7 Extension for losses discovered more than 24 months after being committed but not more than 36 months thereafter (if stated in the schedule to be included)

- 7.1 In consideration of the payment of an additional premium, Proviso 1 of the defined events is restated to read:
 - 1 the company is not liable for all losses which occurred more than 36 months prior to discovery.
- 7.2 If this section includes extension 13 (Superseded insurances extension (if stated in the schedule to be included)), the period referred to in proviso 13.6 thereof is increased from 24 months to 36 months.

8 Extension granted on receipt of a satisfactory systems audit in respect of losses discovered more than 24 months after being committed (if stated in the schedule to be included)

In consideration of the accounting firm named in the schedule having conducted a satisfactory audit of the insured's systems of

- 8.1 control
- 8.2 fraud dishonesty and theft detection

and subject to the insured implementing and maintaining all the recommendations contained in such audit:

- 8.3 proviso 1 of the defined events (which limits cover to that part of losses discovered within 24 months) and proviso 13.6 of extension 13 (Superseded insurances extension (if stated in the schedule to be included)) (if applicable) are deleted

8.4 if any defined event is discovered more than 12 months after it was committed, the percentages contained in the undernoted first amount payable clauses are increased as follows:

First amount payable clause	First amount payable increased to percentage shown below if losses discovered more than 12 months after being committed
Compulsory	From 10% to 12.5%
Computer losses	From 20% to 25%

Notwithstanding the above, the insured may opt to claim only for that part of the loss which was discovered within 12 months, in which case the first amount payable applicable for that period will apply.

8.5 clause 9 (First amount payable for losses discovered more than 12 months after they were committed) is deleted.

9 First amount payable for losses discovered more than 12 months after they were committed

If any loss is discovered more than 12 months after:

9.1 it was committed

9.2 the first event in a series of events committed by one person or a number of persons acting in collusion

the percentages contained in clauses 2 (Compulsory first amount payable clause) and 3 (Computer losses first amount payable clause) are increased as follows:

First amount payable clause	First amount payable increased to percentage shown below	
	If losses are discovered more than 12 months after being committed but not more than 24 months thereafter	If policy has been extended to cover that part of losses discovered more than 24 months after being committed but not more than 36 months thereafter
Compulsory	From 10% to 15%	From 10% to 20%
Computer losses	From 20% to 30%	From 20% to 35%

Notwithstanding the above, the insured may opt to claim only for that part of the loss which was discovered in a lesser period, in which case the first amount payable applicable for the corresponding lesser period will apply.

10 Other insurances clause

It is a condition of this section that other than

10.1 a money policy;

10.2 a policy declared to the company at inception or renewal or at the time a claim is submitted;

10.3 this policy;

no other insurance is in force during the currency of this section to insure against the risks insured hereunder.

11 Reduction / Reinstatement of insured amount clause (if stated in the schedule to be included)

The payment by the company of any loss involving one employee or trustee or any number of employees or trustees shall not reduce the company's liability in respect of the remaining insured employees or trustees provided that:

11.1 the maximum amount payable by the company for all insured employees or trustees shall not exceed double the sum insured shown in the schedule;

11.2 the insured pays additional premium calculated in terms of the following formula:

$$\text{Annual premium in force at time of discovery of loss} \times \frac{\text{Amount of claim payment}}{\text{Sum insured at time of discovery of loss}}$$

Where the period of insurance is:

11.2.1 monthly, the words "Annual premium" are amended to read "Twelve times the monthly premium"

11.2.2 quarterly, the words "Annual premium" are amended to read "Four times the quarterly premium"

11.2.3 half-yearly, the words "Annual premium" are amended to read "Twice the bi-annual premium"

The additional premium shall be payable in full and may not be reduced due to the period between the date of discovery of loss and the expiry date being less than 12 months.

12 Retroactive cover extension - no previous insurance in force (if stated in the schedule to be included)

This section will also apply to defined events as insured herein which occurred up to 12 months prior to inception of this section but not more than 24 months prior to discovery, provided the events are discovered within the shorter period of 12 months of the termination of the employment of the employee concerned or within 12 months of the expiry of this section.

13 Superseded insurances extension (if stated in the schedule to be included)

This section will apply to defined events as insured herein which occurred during the currency of any insurance superseded by this section and specified in the schedule provided that:

13.1 this extension is restricted to losses which would have been payable by the superseded insurance but which are not claimable because of the expiry of the period of time allowed by the superseded insurance for the discovery of the defined events;

13.2 the losses are discovered within the shorter period of 12 months of the termination of the employment of the employee concerned or within 12 months of the expiry of this section;

13.3 the amount payable under this extension shall not exceed the amount insured by this section or the amount insured by the superseded insurance whichever is the lesser;

13.4 in the event of the loss involving one employee or trustee or any number of employees or trustees occurring during both the currency of this section and that of the superseded policy, the maximum amount payable shall not exceed the amount insured by this section at the time of discovery of the defined events;

13.5 this extension will not apply to defined events which occurred more than the number of years stated in the schedule before inception of this section;

13.6 the company is not liable for any loss which occurred more than 24 months prior to discovery.

14 Voluntary excess clause (if stated in the schedule to be included)

In addition to the amount payable by the insured under clause 2 (Compulsory first amount payable clause), the insured shall be responsible for the difference between such amount and the amount stated in the schedule as the voluntary first amount payable provided such voluntary amount exceeds the compulsory amount.

