



**ZURICH**

*Because life changes.*

AllGuard Business Insurance

## Employee Fraud (Fidelity) Section

### Introduction

This Cover Section forms part of Your Policy and must be read together with the General Conditions and Limitations of Cover, the Schedule, the Proposal and any Endorsements.

This Cover Section only forms part of Your Policy when the EMPLOYEE FRAUD SECTION is shown in the Schedule and is limited to the Period of Insurance indicated.

### Definitions

The following definitions shall apply to words used in this Cover Section and Endorsements that apply to this Cover Section.

#### EMPLOYEE FRAUD

Employee Fraud means the unlawful taking of Property committed by Your Employee (whether acting alone or in collusion with others), with the intent to:

- (a) cause loss to You; or
- (b) benefit any person or organisation other than You.

#### EVENT

Event means Employee Fraud by Your Employee by a single act or series of related acts.

#### PROPERTY

Property means any property (including money) that belongs to You or which You are legally responsible for.

#### EMPLOYEE

Employee means any person that You have the right to direct during Your Business activities who is:

1. employed by You;
2. apprenticed to You;
3. hired or seconded from another party by You; or
4. an executive, director or officer of Your Business whilst performing acts falling within the scope of the usual duties of an employee.

### Cover

We will pay up to the Sum Insured for the value of Property that is lost as a direct result of Employee Fraud that occurs during the Period of Insurance.

Provided that:

1. You are able to identify which of Your Employees is responsible; and
2. the Employee Fraud is discovered:
  - (a) during the Period of Insurance; or
  - (b) during the earlier of either:
    - (i) the Year that follows the Period of Insurance; or
    - (ii) the period up to the date upon which Your Employee committing Employee Fraud is terminated.

### Limitations of Cover

1. **Excess**  
You are liable for the Excess for each and every Event.
2. **Discovery**  
We will not pay for any loss caused by a particular Employee that occurs after:
  - (a) You become aware of an act of Employee Fraud by that particular Employee; or
  - (b) You suspect that Employee has committed an act of Employee Fraud.
3. **Reduced Sum Insured**  
The Sum Insured for the Period of Insurance will be reduced by any payment made or due to be made under this Cover Section.
4. **Exclusions**  
Cover is further limited by the Exclusions that follow.

## Exclusions

We will not pay for:

1. any loss resulting directly or indirectly from trading in securities or derivatives whether or not in Your name and whether or not in a genuine or fictitious account;
2. loss where proof of its existence or amount depends on any comparison of inventory records with a physical count or a profit and loss computation.

## Extensions of Cover

1. **Cost of Recovery**  
When You sustain a loss that is greater than the Sum Insured paid for this Cover Section, We will pay up to an additional twenty percent (20%) of the Sum Insured for costs and expenses You have reasonably incurred in an attempt to recover lost Property.
2. **Auditors and Accountants**  
We will accept as proof of Your loss a certified statement from Your auditors that shows the value of the Property that is lost.
3. **Continuity of Cover**  
If this Cover Section has been taken up in substitution for any prior Employee Fraud/Fidelity policy/coverage held by You with any other insurer and cover under this Cover Section commences immediately after cover under the prior policy/coverage ends then this Cover Section extends to cover any Employee Fraud discovered during the Period of Insurance where that Employee Fraud is not covered by the previous policy/coverage solely because it was not discovered during the period of insurance of the previous policy/coverage or any applicable extended reporting period.

Provided that:

- (a) the amount of the loss shall form part of and will not be in addition to the Sum Insured; and
- (b) the Property lost would have been covered under this Cover Section if this Cover Section had been in force when the Employee Fraud causing the loss was committed; and

(c) We will pay the lesser of:

- (i) the amount which would have been payable under the prior policy/coverage if the prior policy/coverage had continued in force or had applied at the date of discovery of the Employee Fraud; or
- (ii) the Sum Insured at the date of substitution.

## Special Condition

### RECOVERIES

Following a loss You must retain, to the extent allowed by law, all monies and other assets that are due to any of Your Employees involved in the loss as We will treat these monies or assets as a deduction from the amount of the loss.