

**PENNSYLVANIA CRIME INSURANCE PROGRAM
INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA
530 Walnut Street, Suite 1650
Philadelphia, PA 19106**

COMMERCIAL CRIME INSURANCE POLICY

The Insurance Placement Facility of Pennsylvania herein called the Insurer agrees with the Insured named in the application made a part hereof, in consideration of the payment of the premium and reliance upon the statements in the application, and subject to (1) the provisions of the Pennsylvania Revised Code 18 PS § 4117 Insurance Fraud Offenses and (2) the limits of insurance, exclusions, conditions, deductibles, and other terms of this policy with respect to the below stated criminal acts:

INSURING AGREEMENTS

OPTION 1 (BURGLARY ONLY INCLUDING SAFE BURGLARY)

Option 1 includes insurance coverage only under the individually numbered Insurance Agreements, I, II, III and IV listed below

I. Burglary; Robbery of a Watchman

To pay for loss by burglary or robbery of a watchman, while the named premises are not open for business, of merchandise, furniture, fixtures and equipment within the named premises provided that this Insuring Agreement does not extend to the loss of money or securities or to cash value in excess of \$50 for any item of jewelry unless such property is forcibly extracted from a locked safe as provided under Insuring Agreement II entitled "Safe Burglary" which follows:

II. Safe Burglary

To pay for loss by safe burglary of money, securities and merchandise within the named premises while the premises are not open for business, but no payment shall be made for loss not forcibly extracted from a locked safe, nor for loss in excess of \$5,000 except with respect to loss by safe burglary of a safe rated for burglary resistance as Class E or better weighing at least seven hundred and fifty pounds or securely anchored to the floor.

III. Damage

To pay for damage to the named premises and to money, securities, merchandise, furniture, fixtures and equipment within the named premises by burglary, robbery of a watchman, safe burglary or attempt thereof provided the Insured is the owner thereof or is liable for such damage.

IV. Policy Period, Territory

To pay for losses under Insuring Agreements I, II and III only when occurring during the policy period within the Commonwealth of Pennsylvania.

OPTION 2 (ROBBERY ONLY)

Option 2 includes insurance coverage only under the individually numbered Insuring Agreements V, VI, VII and VIII listed below.

V. Robbery, including Observed Theft inside the Premises,

To pay for loss by robbery or observed theft of money, securities, merchandise, furniture, fixtures, and equipment within the named premises.

VI. Robbery, including Observed Theft, Outside of the Premises

To Pay for loss by robbery or observed theft of money, securities and merchandise, including the wallet or bag containing such property while such property is in conveyance by the Insured or his messenger outside the named premises, but no payment shall be made for any loss in excess of \$5,000 except when the Insured or his messenger is accompanied by a guard armed with a registered firearm. The person carrying the insured property and the armed guard cannot be the same person.

This Insuring Agreement includes theft from a night depository but only if a deposit of money has been made at a night depository of a banking institution by a bonded armored car messenger service.

VII. Damage

To pay for damage to the named premises and to money, securities, merchandise, furniture, fixtures and equipment within the named premises, by robbery, or attempt thereat, provided the Insured is the owner thereof or is liable for such damage.

VIII. Policy Period, Territory

To pay for losses under Insuring Agreements V, VI and VII only when occurring during the policy period within the Commonwealth of Pennsylvania.

OPTION 3 (ROBBERY AND BURGLARY IN UNIFORM AND VARYING AMOUNTS)

Option 3 shall provide for uniform and varying limits of coverage under Option 1 and 2 but only in the same policy. Both Options 1 and 2 must be applied for at the same time.

If one of the options has been selected, the other option may be added upon a renewal or upon an endorsement of the original policy. A discount will be provided for Combined Coverage, Option 3.

EXCLUSIONS

This Policy does not apply:

- (a) to loss due to embezzlement or to any fraudulent, dishonest or criminal act by any Insured, a partner therein, or an officer, employee, director, trustee or authorized representative thereof while working or otherwise and whether acting alone or in collusion with others; provided that this exclusion does not apply to robbery or safe burglary by other than an Insured, an officer or a partner thereof;
- (b) to loss due to war, whether or not declared, civil war, insurrection, rebellion, or revolution, or to any act or condition incident to any of the foregoing;
- (c) to loss of manuscripts, records, or accounts;
- (d) under Insuring Agreements I and II to loss occurring during a fire in the premises;
- (e) to loss due to nuclear reaction, nuclear radiation, or radioactive contamination, or to any act or condition incident to any of the foregoing;
- (f) to any loss if the premises are not equipped with the protective devices as warranted;
- (g) to loss of personal property of: (1) the Insured, an officer or partner thereof, (2) a permanent member of the household of an Insured, (3) an employee of an Insured; provided that this exclusion does not apply if such personal property is used in furtherance of the conduct of the insured's business;
- (h) to loss of any vehicle having four or more wheels designed to be operated on any highway and for which a motor vehicle registration is required for such use;
- (i) to loss from a night depository.
- (j) to loss from burglary or safe burglary at any named premises which is vacant for a period of more than 60 days;
- (k) to loss of property of a business (other than the Insured's business) that jointly occupies the named premises with the Insured but whose business area is not separated from the Insured's business area by a physical barrier. In such an instance the Insured shall not be deemed liable to any persons for the property of the other business or businesses despite the location of such property in the same premises named by Insured in his or its location.

CONDITIONS

1. Definitions

- (a) **Money.** "Money" means currency, coins, bank notes, and bullion; and travelers checks, register checks, and money orders held for sale to the public.
- (b) **Securities.** "Securities" means all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens, and tickets, but does not include money.
- (c) **Premises.** "Premises" means the interior of that portion of any building at a location designated in the Declarations which is occupied by the Insured as stated therein, but shall not include (1) showcases or show windows not opening directly into the interior of the premises, or (2) public entrances, halls or stairways. As respects Insuring Agreements V and VI only, the premises shall also include the space immediately surrounding such building, provided such space is occupied by the Insured in conducting his business.
- (d) **Custodian.** "Custodian" means the Insured, a partner therein, an officer thereof, or any employee thereof who is in the regular service of and duly authorized by the Insured to have the care and custody of the insured property within the premises, excluding any person while acting as a watchman, porter or janitor.
- (e) **Messenger.** "Messenger" means the Insured, a partner therein, an officer thereof, or any employee thereof who is in the regular service of and duly authorized by the Insured to have the care and custody of the insured property outside the premises. In addition "messenger" includes a bonded professional guard and an employee of a bonded armored car service.
- (f) **In Conveyance.** Money, securities or merchandise is "In conveyance" while being transported by the Insured or his messenger. If the transportation is interrupted for any purpose which is not incidental to or in furtherance of the transportation of the money or property to its destination, the conveyance ceases. Any merchandise offered for sale by the Insured or messenger at a location other than the premises named in the policy is not in conveyance. However, the sale of an item of merchandise or the performance of a service, other than check cashing, related to the insured's business outside the premises which causes the Insured or messenger to collect money from a customer is deemed incidental to and in furtherance of the transportation of money to its destination and the money thus collected and any other money is and remains in conveyance.

Conveyance is interrupted and coverage ceases when (1) the money, securities or merchandise is delivered into and possession relinquished at any premises other than the premises named in the policy, or (2) the money is deposited in a bank, or (3) when an Insured or a messenger collecting money, securities or merchandise previously accumulated for his pickup, from more than one location remains with such property in any location for any time longer than reasonably necessary for him to take custody of such property, or (4) when an Insured or a messenger transporting money, securities or merchandise willfully and knowingly undertakes any activity that increases the likelihood of his being exposed to robbery or reduces his ability to carry out his responsibility for the custody of the money or property.

- (g) **Robbery.** "Robbery" or "robbery including observed theft" means the taking of insured property (1) by violence inflicted upon a messenger or a custodian; (2) by putting him in fear of violence; (3) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by an officer, partner, or employee of the Insured; (4) from the person or direct care and custody of a messenger or custodian who has been killed or rendered unconscious; (5) from within the premises by compelling a messenger or custodian by violence or threat of violence while outside the premises to admit a person into the premises or to furnish him with means of ingress into the premises; or (6) from a showcase or show window within the premises while regularly open for business, by a person who has broken the glass thereof from outside the premises.
- (h) **Robbery of a Watchman.** "Robbery of a watchman" means the felonious taking of insured property by violence or threat of violence inflicted upon a private watchman employed exclusively by the Insured and while such watchman is on duty within the premises.

- (i) **Burglary.** "Burglary" or "burglary and larceny incident thereto" means the felonious abstraction of insured property from within the premises by a person making felonious entry therein by actual force and violence, evidenced by visible marks upon, or physical damage to, the exterior of the premises at the place of such entry.
- (j) **Safe Burglary.** "Safe burglary" or "safe burglary and larceny incident thereto" means (1) the felonious abstraction of insured property from within a vault or safe, the door of which is equipped with a combination lock, located within the premises, by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks thereon, provided such entry shall be made by actual force and violence, evidenced by visible marks upon the exterior of (a) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors, or (b) the top, bottom, or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors or (2) the felonious abstraction of such safe from within the premises.
- (k) **Jewelry.** "Jewelry" means jewelry, watches, necklaces, bracelets, gems, precious or semi-precious stones, articles containing one or more gems and articles of gold or platinum.
- (l) **Loss.** "Loss" except as used in Insuring Agreements I, II, V and VI includes damage.
- (m) **Safe.** A "safe" is a non-portable money storage compartment not on wheels, which is reinforced with a minimum of 1/4 inch solid steel plate throughout, with the exception of the door which must be at least one inch thick, solid steel plate and equipped with a combination lock which is an integral part of the door. A Class E Safe means a steel safe having walls at least 1 inch thick and doors at least 1½ inches thick, or a vault of steel at least ½ inch thick or of reinforced concrete or stone at least 9 inches thick or of non-reinforced concrete or stone at least 12 inches thick, with steel doors at least 1½ inches thick.
- (n) **Merchandise.** "Merchandise" includes customer's property held for repair or other such work.
- (o) **Actual Cash Value.** "Actual Cash Value" means the cost to repair or replace the damaged property less deductions for physical deterioration (depreciation) and obsolescence.

2. Ownership of Property; Interests Covered. The insured property may be owned by the Insured or held by him in any capacity, whether or not the Insured is liable for the loss thereof; provided, that the insurance applies only to the interests of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss.

3. Joint Insured. If more than one Insured is named in the Application, the Insured first named shall act for every Insured for all purposes of this Policy. Knowledge possessed or discovery made by any Insured shall, for all purposes, constitute knowledge possessed or discovery made by every Insured.

4. Books and Records. The Insured shall keep records of all the insured property in such manner that the Insurer can accurately determine therefrom the amount of loss, and if the Insured maintains cash funds for the purpose of check cashing, a complete record of each check negotiated shall be kept by the Insured showing the names of the maker, payee and drawee bank and the date and amount of the check, and such records shall be maintained in a receptacle other than that used for money and securities.

5. Limits of Liability; Settlement Options. The Insurer shall not be liable on account of any loss unless the amount of such loss shall exceed the amount of the deductible described in the Application which is made a part of this Policy and the Insurer shall then be liable only for such excess over and above the deductible, subject to and within the limit of insurance covered by the Policy.

The limit of the Insurer's liability for loss or damage in any one occurrence shall not exceed the lesser of:

- a. the applicable limit of insurance stated in the Application,
- b. what it would cost at the time of loss to repair or replace the property with other kind and quality and age,
- c. the actual cash value thereof at the time of loss;
- d. as respects securities the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered;
- e. the actual cash value of such property held by the Insured as a pledge, or as collateral for an advance or a loan,

shall be deemed not to exceed the value of the property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan accrued interest thereon at legal rates.

The applicable limit of insurance stated in the Application, nor what it would cost at the time of loss to repair or replace the property with other property of like kind and quality, nor as respects securities the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property the actual cash value thereof at the time of loss: Provided, however, that the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of the property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates.

The applicable limit of insurance stated in the Application is the total limit of the Insurer's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. All loss incidental to an actual or attempted fraudulent, dishonest or criminal act or series of related acts at the premises, where committed by one or more persons, shall be deemed to rise out of one occurrence.

The Insurer may pay for the loss in money or may repair or replace the property and may settle any claim for loss of property either with the Insured or the owner thereof. Any property so paid for or replaced shall become the property of the Insurer. Any property recovered after settlement of a loss shall be applied first to the expense of the parties in making such recovery, with any balance applied as if the recovery had been made prior to said settlement, and loss readjusted accordingly. The Insured or the Insurer, upon recovery of any such property, shall give notice thereof as soon as practicable to the other.

6. Insured's Duties When Loss Occurs. Upon knowledge of loss or of an occurrence which may give rise to a claim for loss, the Insured shall (a) give notice thereof as soon as practicable to law enforcement authorities and to the Insurer and (b) file detailed proof of loss duly sworn to with the Insurer through its authorized agent within sixty (60) days after the discovery of loss unless such time is extended by the Insurer in writing. The hereunder Insurer may, in its discretion, waive the requirement that the proof of loss be sworn to.

Upon the Insurer's request, the Insured and every claimant hereunder shall submit to examination by the Insurer, subscribe the same, under oath if required, and produce for the Insurer's examination all pertinent records, all at such reasonable times and places as the Insurer shall designate, and shall cooperate with the Insurer in all matters pertaining to loss or claims with respect thereto. The Insured shall as a condition of continued coverage take reasonable action immediately following the discovery of a loss to protect the premises from further loss.

7. Other Insurance. If there is any other valid and collectible insurance which would apply in the absence of this Policy, the insurance under this Policy shall apply only as excess insurance over such other Insurance; Provided, that the insurance shall not apply (a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or (b) to property otherwise insured unless such property is owned by the Insured or as respects which the Insured is legally liable.

8. APPRAISAL. If the Insured and the Insurer fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen days to agree upon such umpire, then, on the request of the Insured or the Insurer, such umpire shall be selected by a judge of a court of record in the county and state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at time of loss and the amount of the loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Insurer shall each pay its chosen appraiser and shall bear equally the expenses of the umpire and the other expenses of appraisal.

The Insurer shall not be held to have waived any of its rights by any act relating to appraisal.

9. Action Against Insurer. No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy, nor until ninety (90) days after the required proofs of loss have been filed with the Insurer, nor at all unless commenced within two years from the date when the Insured first had knowledge of the loss and within one year after the date upon which the claimant received written notice of disallowance or partial disallowance of the claim.

10. Subrogation. In the event of any payment under this Policy, the Insurer shall be subrogated to all the Insured's rights

of recovery thereof against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

11. Changes. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or estop the Insurer from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy, as approved by the Insurance Placement Facility of Pennsylvania.

12. Cancellation. The Named Insured may cancel this policy at any time by returning it to the Insurer or by notifying the Insurer in writing of the date the cancellation is to take effect. Except as provided below, notice of cancellation by the Insurer shall be mailed to the Named Insured at the address shown in the policy declarations, stating not less than thirty days thereafter such cancellation shall be effective. This cancellation may be delivered or mailed to the Insured at the mailing address shown in the declarations. Proof of mailing should be sufficient proof of notice. The Insurer may cancel this policy only for the following reasons:

- a. any non-payment of premium,
- b. this Policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk of the hazard assumed by the Insurer,
- c. there has been a substantial change or increase in hazard in the risk assumed by the Insurer subsequent to the date the policy was issued,
- d. fraud or misrepresentation in connection with the submission of a claim,
- e. the use of the Insured premises with the knowledge of any Insured for any illegal activity, or
- f. failure to comply with the provisions of the insurance policy as determined by the Insurer and stated in the notice of cancellation.

Cancellations for any of the grounds stated above may, at the discretion of the Insurer, be made retroactive to the effective date of the policy.

In the event of cancellation, earned premium shall be computed on a pro rata basis. Premium adjustments may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective. Payment or tender of unearned premium is not a condition of cancellation.

13. Assignment. Policy coverage ceases at the time of ownership change and a policy may not be transferred or assigned to a new owner or tenant, if however, the Insured shall die, this Policy shall cover the Insured's legal representative as Insured.

Policy coverage ceases at the time of any change in the ownership of an insurable interest in the premises specified in the application. Upon receipt of information indicating that such a change in ownership or insurable interest has occurred, the Insurer shall issue a notice of cancellation effective the date of such change. Return of premium on a cancelled policy shall be on a pro rata basis.

14. Deductibles - Claims under the Commercial Insurance Policy are subject to a deductible with is based on the annual gross receipts of the insured's business.

<u>Gross Receipts</u>	<u>Deductibles</u>
Less than \$299,999	\$250
\$300,000 - \$499,999	\$350
\$500,000 or more	\$500

The deductible for non-profit or public property risks is \$250.

Higher deductibles, percentage participation clauses and other underwriting devices may be used by the Insurer to meet special problems of insurability.

15. Declarations. By signing the Application or by acceptance of this Policy the Named Insured certifies and agrees under penalty of Pennsylvania law dealing with fraud and false representation that the statements in the Application are his agreements and representations, that this Policy is issued in reliance upon the truth of such representations, that he is aware of the applicability of the requirements for protective devices issued by the Insurer, and that this Policy and said requirements for protective devices embody all agreements existing between himself and the Insurer relating to this insurance.

16. Inspections and Surveys. The Insurer has the right but is not obligated to:

- a. make inspections and surveys at any time;
- b. give the Insured reports on the conditions we find;
- c. recommend changes.

Any inspections, surveys, reports or recommendations the Insurer makes relate only to the eligibility and the insurability of the property and to the premiums to be charged. The Insurer does not make safety inspections. The Insurer does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. The Insurer does not warrant that conditions:

- d. are safe or healthful; or
- e. comply with laws, regulations, codes or standards.

This condition applies not only to the Insurer, but also to any rating, advisory, rate service or similar service which make insurance inspections, surveys, reports or recommendations.

17. COMMERCIAL PROPERTY PROTECTIVE DEVICE WARRANTY

a. When Option 1 or Option 3 is selected on the Application, the following protective device requirements shall apply to all commercial properties in order for Burglary coverage to be applicable.

- (1) Each exterior doorway leading to garage areas, public hallways, terraces, balconies, or other areas affording easy access to the Insured premises, shall be protected by a door which, if not a sliding door, shall be equipped with a dead lock using either an interlocking vertical bolt and striker, or a minimum ½ inch throw bolt, a minimum ½ inch throw self-locking dead latch, or a heavy duty padlock (¾ inch case hardened steel shackle) with five pin tumbler operation.
- (2) All sliding doors, first floor, and basement windows, and windows opening onto stairways, fire escapes, porches, terraces, balconies, or other areas affording easy access to the premises, shall be equipped with a locking device of any kind.
- (3) Skylights shall be protected by bars or grillwork or by alarm system; air vents and windows within 18 feet from ground and exceeding 96 square inches in area and 6 inches in the smallest dimension are accessible openings and must be protected; door or doorways including transoms shall be protected; and sidewalk doors shall be protected by dead bolt locks or heavy duty padlocks.

Burglary coverage, if applicable, will be automatically suspended at the insured location if the above requirements are not met.

b. If the declarations indicate an operational burglar alarm on the premises, the following applies;

The insurance will be automatically suspended at the insured location if the Insured fails to notify the Insurer within 24 hours when the Insured:

- (1) knows of any suspension or impairment in the burglar alarm.
- (2) fails to maintain the burglar alarm in complete working order.

IN WITNESS WHERE OF, the Insurance Placement Facility of Pennsylvania has accepted the Declarations of the Insured set forth in the Applications and has caused this Policy to be issued.

John M. Ogle, General Manager, Insurance Placement Facility of Pennsylvania
Attorney in fact,
Insurance Placement Facility of Pennsylvania