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**GOVERNMENT  
CRIME  
POLICY**

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**The Fidelity and Deposit Companies**

**3910 Keswick Road  
BALTIMORE, MARYLAND 21211**

Administrative Office  
1400 American Lane  
Schaumburg, IL 60196

# GOVERNMENT CRIME POLICY DECLARATIONS



This policy issued by:  Fidelity and Deposit Company of Maryland  
 Colonial American Casualty and Surety Company  
(a stock insurance company)

Policy No. CCP 0048187 04

Named Insured and Mailing Address  
ASSOCIATION OF BAY AREA GOVERNMENTAL (ABAG)  
PLAN CORP  
(SEE U-CR-129-A)  
101 8TH STREET  
OAKLAND, CA 94607

Producer Name and Address:  
ROBERT F. DRIVER CO., INC.  
500 WASHINGTON STREET, STE 300  
SAN FRANCISCO, CA 94111

Policy Period: From **07/01/2004** to **07/01/2005** at 12:01 A.M. Standard Time at your mailing address shown above.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS AND CONDITIONS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

## INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLE

INSURING AGREEMENTS	LIMIT OF INSURANCE Per Occurrence	DEDUCTIBLE AMOUNT Per Occurrence
1. Employee Theft – Per Loss Coverage	\$ 1,000,000.00	\$ 5,000.00
2. Employee Theft – Per Employee Coverage	Not Covered	
3. Forgery Or Alteration	1,000,000.00	5,000.00
4. Inside The Premises – Theft of Money and Securities	1,000,000.00	5,000.00
5. Inside The Premises – Robbery Or Safe Burglary Of Other Property	1,000,000.00	5,000.00
6. Outside The Premises	1,000,000.00	5,000.00
7. Computer Fraud	1,000,000.00	5,000.00
8. Funds Transfer Fraud	Not Covered	
9. Money Orders And Counterfeit Paper Currency	1,000,000.00	5,000.00

If Added By Endorsement, Insuring Agreement(s)

\$ \_\_\_\_\_ \$ \_\_\_\_\_

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

\*Policy Premium is payable: \$ **22,818** at inception; \$ \_\_\_\_\_ 1st Anniversary; \$ \_\_\_\_\_ 2nd Anniversary

\*Includes Taxes and/or Surcharges

### ENDORSEMENTS FORMING PART OF THIS POLICY WHEN ISSUED:

CR 00 26 07 02 U-CR-129-A 05 03 CR 25 19 03 00 CR 25 20 03 00 CR 25 06 03 00 CR 25 07 03 00  
CR 25 08 03 00 CR 25 09 03 00 Z-L3-A/S U-GU-630-A 11 02 CR 02 49 07 02 U-CR-131-A 08 03

CANCELLATION OF PRIOR INSURANCE ISSUED BY US: By acceptance of this Policy you give us notice canceling prior policy or bond Nos. **CCP 0048187 03**

the cancellation to be effective at the time this Policy becomes effective.

COUNTERSIGNED: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
Authorized Representative

IN WITNESS WHEREOF the Company has caused this policy to be signed by its president and secretary but this policy shall not be valid unless completed by the attachment hereto of a declarations page countersigned by a duly authorized representative of the Company.

Attest

Secretary

By

President

## GOVERNMENT CRIME POLICY (DISCOVERY FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

### A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations:

#### 1. Employee Theft – Per Loss Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

#### 2. Employee Theft – Per Employee Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by each "employee", whether identified or not, acting alone or in collusion with other persons.

#### 3. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or
- (2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

b. If you are sued for refusing to pay any instrument covered in Paragraph a. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

#### 4. Inside The Premises – Theft Of Money And Securities

- a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises" resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

#### 5. Inside The Premises – Robbery Or Safe Burglary Of Other Property

- a. We will pay for loss of or damage to "other property":
  - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
  - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

#### 6. Outside The Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.

- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

#### 7. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

#### 8. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

#### 9. Money Orders And Counterfeit Paper Currency

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit" paper currency that is acquired during the regular course of business.

### B. Limit Of Insurance

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

### C. Deductible

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the same loss, only the highest Deductible Amount may be applied.

### D. Exclusions

1. This policy does not apply to:

#### a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

#### b. Acts Of Officials, Employees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreements A.1. or A.2.

#### c. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

#### d. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this policy including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this policy.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this policy.

#### e. Legal Expenses

Expenses related to any legal action, except when covered under Insuring Agreement A.3.

#### f. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

#### g. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

2. Insuring Agreements A.1. and A.2. do not apply to:

#### a. Bonded Employees

Loss caused by any "employee" required by law to be individually bonded.

- b. **Employees Cancelled Under Prior Insurance**  
Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
  - c. **Inventory Shortages**  
Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:  
(1) An inventory computation; or  
(2) A profit and loss computation.  
However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.
  - d. **Trading**  
Loss resulting directly or indirectly from trading, whether in your name or in a genuine or fictitious account.
  - e. **Treasurers Or Tax Collectors**  
Loss caused by any treasurer or tax collector by whatever name known.
3. Insuring Agreements A.4., A.5. and A.6. do not apply to:
- a. **Accounting Or Arithmetical Errors Or Omissions**  
Loss resulting from accounting or arithmetical errors or omissions.
  - b. **Exchanges Or Purchases**  
Loss resulting from the giving or surrendering of property in any exchange or purchase.
  - c. **Fire**  
Loss resulting from fire, however caused, except:  
(1) Loss of or damage to "money" and "securities"; and  
(2) Loss from damage to a safe or vault.
  - d. **Money Operated Devices**  
Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
  - e. **Motor Vehicles Or Equipment And Accessories**  
Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.
  - f. **Transfer Or Surrender Of Property**  
(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":  
(a) On the basis of unauthorized instructions;  
(b) As a result of a threat to do bodily harm to any person; or  
(c) As a result of a threat to do damage to any property.  
(2) But, this Exclusion does not apply under Insuring Agreement A.6. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:  
(a) Had no knowledge of any threat at the time the conveyance began; or  
(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
  - g. **Vandalism**  
Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.
  - h. **Voluntary Parting Of Title To Or Possession Of Property**  
Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
4. Insuring Agreement A.7. does not apply to:
- a. **Exchanges Or Purchases**  
Loss resulting from the giving or surrendering of property in any exchange or purchase.
  - b. **Funds Transfer Fraud**  
Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".
  - c. **Inventory Shortages**  
Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:  
(1) An inventory computation; or  
(2) A profit and loss computation.

**d. Voluntary Parting Of Title To Or Possession Of Property**

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

**5. Insuring Agreement A.8. does not apply to:**

**Computer Fraud**

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

**E. Conditions**

**1. Conditions Applicable To All Insuring Agreements**

**a. Cancellation As To Any Employee**

This policy is cancelled as to any "employee":

**(1) Immediately upon discovery by:**

**(a) You; or**

**(b) Any official or employee authorized to manage, govern or control your "employees" who is not in collusion with the "employee";**

of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

**(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.**

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**b. Cancellation Of Policy**

**(1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.**

**(2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:**

**(a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or**

**(b) 30 days before the effective date of cancellation if we cancel for any other reason.**

**(3) We will mail or deliver our notice to the first Named Insured's last mailing address known to us.**

**(4) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.**

**(5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.**

**(6) If notice is mailed, proof of mailing will be sufficient proof of notice.**

**c. Changes**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**d. Concealment, Misrepresentation Or Fraud**

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

**(1) This policy;**

**(2) The property covered under this policy;**

**(3) Your interest in the property covered under this policy; or**

**(4) A claim under this policy.**

**e. Discovery**

**(1) We will pay for loss that you sustain through acts committed or events occurring at any time and discovered by you:**

**(a) During the policy period shown in the Declarations; or**

**(b) During the period of time provided in the Extended Period To Discover Loss Condition E.1.i.**

**(2) Discovery of loss occurs when you first become aware of facts which would cause a reasonable person to assume that a loss covered by this policy has been or will be incurred, even though the exact amount or details of loss may not then be known.**

Discovery also occurs when you receive notice of an actual or potential claim against you alleging facts that if true would constitute a covered loss under this policy.

**f. Duties In The Event Of Loss**

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreements A.1., A.2. or A.3.) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Give us a detailed, sworn proof of loss within 120 days.
- (4) Cooperate with us in the investigation and settlement of any claim.

**g. Employee Benefit Plan(s)**

- (1) The employee benefit plan(s) shown in the Declarations are included as Insureds under Insuring Agreements A.1. or A.2.
- (2) Any payment we make to you for loss sustained by any Plan will be held by you for the use and benefit of the Plan(s) sustaining the loss.
- (3) The Deductible Amount applicable to Insuring Agreements A.1. or A.2. does not apply to loss sustained by any employee benefit plan(s).

**h. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to 3 years afterward.

**i. Extended Period To Discover Loss**

- (1) We will pay for loss that you sustained prior to the effective date of termination or cancellation of this policy, which is discovered by you no later than 60 days from the date of that termination or cancellation.

- (2) However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded by this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

**j. Inspections And Surveys**

- (1) We have the right to:
  - (a) Make inspections and surveys at any time;
  - (b) Give you reports on the conditions we find; and
  - (c) Recommend changes.
- (2) We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - (a) Are safe or healthful; or
  - (b) Comply with laws, regulations, codes or standards.
- (3) Paragraphs (1) and (2) above apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**k. Joint Insured**

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this policy. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured or official of that Insured has knowledge of any information relevant to this policy, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.

- (4) If this policy or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered by you during the period of time provided in the Extended Period To Discover Loss Condition E.1.i.

However, this extended period to discover loss terminates as to that Insured immediately upon the effective date of any other insurance obtained by that Insured replacing in whole or in part the insurance afforded by this policy, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

**i. Legal Action Against Us**

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this policy;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you discover the loss.

If any limitation is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

**m. Liberalization**

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

**n. Loss Covered Under More Than One Coverage Of This Policy**

If two or more coverages of this policy apply to the same loss, we will pay the lesser of:

- (1) The actual amount of loss; or
- (2) The sum of the Limits of Insurance applicable to those coverages.

**o. Non-Cumulation Of Limit Of Insurance**

Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or policy period to policy period.

**p. Other Insurance**

This policy does not apply to loss recoverable or recovered under other insurance or indemnity. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this policy will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity.

However, this policy will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.

**q. Ownership Of Property; Interests Covered**

The property covered under this policy is limited to property:

- (1) That you own or lease;
- (2) That you hold for others; or
- (3) For which you are legally liable.

However, this policy is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

**r. Premiums**

The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

**s. Records**

You must keep records of all property covered under this policy so we can verify the amount of any loss.

**t. Recoveries**

- (1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this policy will be distributed as follows:

- (a) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any; \_\_\_\_\_
- (b) Then to us, until we are reimbursed for the settlement made; and
- (c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

**u. Territory**

This policy covers acts committed or events occurring within the United States of America (including its territories and possessions) and Puerto Rico.

**v. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent.

**w. Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**x. Valuation – Settlement**

(1) Subject to Section B. Limit Of Insurance, we will pay for:

- (a) Loss of "money" but only up to and including its face value.
- (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
  - (i) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
  - (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
    - i. Value of the "securities" at the close of business on the day the loss was discovered; or
    - ii. Limit of Insurance.

(c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

- (i) The Limit of Insurance applicable to the lost or damaged property;
- (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
- (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

We will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) Any property that we pay for or replace becomes our property.

**2. Conditions Applicable To Insuring Agreements A.1. And A.2.**

**a. Indemnification**

We will indemnify any of your officials who are required by law to give individual bonds for the faithful performance of their duties, against loss through "theft" committed by "employees" who serve under them, subject to the applicable Limit of Insurance.

**b. Territory**

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition E.1.u. for a period of not more than 90 days.

**3. Conditions Applicable To Insuring Agreement A.3.**

**a. Deductible**

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.3.

**b. Electronic And Mechanical Signatures**

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

**c. Proof Of Loss**

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

**d. Territory**

We will cover loss you sustain anywhere in the world. The Territory Condition E.1.u. does not apply to Insuring Agreement A.3.

**4. Conditions Applicable To Insuring Agreements A.5. And A.6.**

**a. Armored Motor Vehicle Companies**

Under Insuring Agreement A.6., we will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**b. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

**5. Conditions Applicable To Insuring Agreement A.7.**

**a. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

**b. Territory**

We will cover loss you sustain anywhere in the world. The Territory Condition E.1.u. does not apply to Insuring Agreement A.7.

**F. Definitions**

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
2. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.
3. "Custodian" means you or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
4. "Employee":
  - a. "Employee" means:
    - (1) Any natural person:
      - (a) While in your service or for 30 days after termination of service;
      - (b) Who you compensate directly by salary, wages or commissions; and
      - (c) Who you have the right to direct and control while performing services for you;
    - (2) Any natural person who is furnished temporarily to you:
      - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or
      - (b) To meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";
  - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
  - (4) Any natural person who is:
    - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s) insured under this policy; and

- (b) Your official while that person is handling "funds" or "other property" of any employee benefit plan(s) insured under this policy;
  - (5) Any natural person who is a former official, "employee", representative or trustee retained as a consultant while performing services for you; or
  - (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises".
- b. "Employee" does not mean any agent, independent contractor or representative of the same general character.
5. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
6. "Fraudulent instruction" means:
- a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
  - b. A written instruction (other than those described in Insuring Agreement A.2.) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
  - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
7. "Funds" means "money" and "securities".
8. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".
9. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
10. "Occurrence" means:
- a. As respects Insuring Agreement A.1., all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.
  - b. As respects Insuring Agreement A.2., all loss caused by each "employee", whether the result of a single act or series of acts.
  - c. As respects Insuring Agreement A.3., all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
  - d. As respects all other Insuring Agreements:
    - (1) An act or series of related acts involving one or more persons; or
    - (2) An act or event, or a series of related acts or events not involving any person.
11. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.
12. "Premises" means the interior of that portion of any building you occupy in conducting your business.
13. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
- a. Caused or threatened to cause that person bodily harm; or
  - b. Committed an obviously unlawful act witnessed by that person.
14. "Safe burglary" means the unlawful taking of:
- a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - b. A safe or vault from inside the "premises".
15. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
16. "Theft" means the unlawful taking of "money", "securities" or "other property" to the deprivation of the Insured.
17. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
- b. By means of written instructions (other than those described in Insuring Agreement A.3.) establishing the conditions un-

der which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

- 18. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

(05/03)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## NAMED INSURED

POLICY NUMBER: CCP 0048187 04

EFFECTIVE DATE: 07/01/2004

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
GOVERNMENT CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY

The Named Insured under the policy are shown in the Schedule below:

### Schedule

Named Insured
ASSOCIATION OF BAY AREA GOVERNMENTAL (ABAG) PLAN CORP
CITY OF AMERICAN CANYON
AMERICAN CANYON FINANCING AUTHORITY
AMERICAN CANYON REDEVELOPMENT AGENCY
TOWN OF ATHERTON
ATHERTON CHANNEL DRAINAGE DISTRICT
CITY OF BELVEDERE
BELVEDERE TIBURON LIBRARY AGENCY
BELVEDERE PUBLIC FINANCING CORPORATION
BELVEDERE TIBURON JOINT RECREATION COMMITTEE
CITY OF BENICIA
CITY OF BURLINGAME
BURLINGAME FINANCING AUTHORITY
BURLINGAME REDEVELOPMENT AGENCY
CITY OF CAMPBELL
CAMPBELL REDEVELOPMENT AGENCY
WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY
CITY OF CAMPBELL PUBLIC FINANCING AUTHORITY
TOWN OF COLMA
E.G. FINANCE AUTHORITY
CITY OF CUPERTINO
CITY OF DUBLIN
CITY OF EAST PALO ALTO
CITY OF FOSTER CITY
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
COMMUNITY DEVELOPMENT AGENCY (REDEVELOPMENT)

(05/03)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NAMED INSURED**

PUBLIC FINANCE AUTHORITY
CITY OF GILROY
GILROY REDEVELOPMENT AGENCY
SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
CITY OF HALF MOON BAY
CITY OF LOS ALTOS
TOWN OF LOS ALTOS HILLS
TOWN OF LOS GATOS
LOS GATOS REDEVELOPMENT AGENCY
CITY OF MILLBRAE
MILLBRAE REDEVELOPMENT AGENCY
CITY OF MILPITAS
MILPITAS REDEVELOPMENT AGENCY
MILPITAS PUBLIC FINANCING AUTHORITY
CITY OF MORGAN HILL
MORGAN HILL REDEVELOPMENT AGENCY
MORGAN HILL WASTEWATER FACILITIES FINANCING CORPORATION
SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
CITY OF NEWARK
NEWARK REDEVELOPMENT AGENCY
NEWARK BETTERMENT CORPORATION
NEWARK ECONOMIC DEVELOPMENT CORPORATION
NEWARK PLANNING COMMISSION
NEWARK SENIOR CITIZEN STANDING ADVISORY COMMITTEE
NEWARK CABLE TELEVISION ADVISORY COMMITTEE
NEWARK SISTER CITY ADVISORY COMMITTEE
NEWARK COMMUNITY DEVELOPMENT ADVISORY COMMITTEE
NEWARK POLICE ACTIVITIES LEAGUE
NEWARK CERTIFIED EMERGENCY RESPONSE TERM (CERT)
CITY OF PACIFICA
PACIFICA FINANCE AUTHORITY
PACIFICA REDEVELOPMENT AGENCY
TOWN OF PORTOLA VALLEY
TOWN OF ROSS
ROSS RECREATION
CITY OF SAN BRUNO
CITY OF SAN CARLOS
CITY OF CARLOS REDEVELOPMENT AGENCY

(05/03)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NAMED INSURED**

SAN CARLOS MUNICIPAL SEWER DISTRICT #1
SAN CARLOS SENIOR CENTER AUTHORITY
CITY OF SARATOGA
CITY OF SARATOGA PUBLIC FINANCE AUTHORITY
THE FRIENDS OF THE WARNER HUTTON HOUSE
CITY OF SOUTH SAN FRANCISCO
SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY
SOUTH SAN FRANCISCO CONFERENCE CENTER AUTHORITY
SOUTH SAN FRANCISCO CAPITAL IMPROVEMENT FINANCING AUTHORITY
SOUTH SAN FRANCISCO HOUSING AUTHORITY
SOUTH SAN FRANCISCO PUBLIC FACILITIES CORPORATION
SOUTH SAN FRANCISCO PARKING PLACE COMMISSION
CITY OF SUISUN CITY
SUISUN CITY REDEVELOPMENT AGENCY
SUISUN CITY HOUSING AUTHORITY
SUISUN CITY PUBLIC FINANCING AUTHORITY
BAY HOMES DEVELOPMENT CORPORATION
HUMPHREY PLACE APARTMENTS
TOWN OF TIBURON
TIBURON REDEVELOPMENT AGENCY
TIBURON PUBLIC FINANCING AUTHORITY
TOWN OF WOODSIDE
TOWN OF HILLSBOROUGH

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADD FAITHFUL PERFORMANCE OF DUTY COVERAGE  
FOR GOVERNMENT EMPLOYEES**

This endorsement modifies insurance provided under the following:

GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY

and applies to the Insuring Agreements designated below:

**A. Schedule\***

Insuring Agreement		Limit Of Insurance
<input checked="" type="checkbox"/>	Employee Theft – Per Loss Coverage	\$1,000,000.00
<input type="checkbox"/>	Employee Theft – Per Employee Coverage	\$
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.		

**B. Provisions**

- The following is added to the **Employee Theft Insuring Agreement** designated above:

We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property. The most we will pay for loss arising out of any one "occurrence" is the Limit of Insurance shown in the Schedule. That Limit, is part of, not in addition to, the Limit of Insurance shown in the Declarations.

- The following exclusions are added to Section D.2. Exclusions:
  - Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.
  - Damages for which you are legally liable as a result of:
    - The deprivation or violation of the civil rights of any person by an "employee"; or

- The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.

- Part (l) of the **Cancellation As To Any Employee Condition** is replaced by the following:

- Immediately upon discovery by:

(a) You; or

(b) Any official or employee authorized to manage, govern or control your "employees" of any act committed by the "employee" whether before or after becoming employed by you which would constitute a loss covered under the terms of the Employee Theft Insuring Agreement, as amended by this endorsement.

- The **Indemnification Condition** is replaced by the following:

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through the failure of any "employee" under the supervision of that official to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADD CREDIT, DEBIT OR CHARGE CARD FORGERY**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY

and applies to the Forgery or Alteration Insuring Agreement:

**A. Schedule\***

Limit Of Insurance	Covered Instruments
\$1,000,000.00	<input checked="" type="checkbox"/> Includes
	<input type="checkbox"/> Limited To
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.	

**B. Provisions**

1. Covered Instruments either includes or is limited to, whichever is indicated as applicable in the Schedule, written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
2. The most we will pay in any one "occurrence" is the Limit of Insurance shown in the Schedule.

**3. The following exclusion is added to Section D.:**

The Forgery or Alteration Insuring Agreement does not apply to:

**NON-COMPLIANCE WITH CREDIT, DEBIT OR CHARGE CARD ISSUER'S REQUIREMENTS**

Loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.







**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **INCLUDE VOLUNTEER WORKERS AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY**

### **PROVISIONS**

The Definition of "Employee" is amended to include any non-compensated natural person:

- 1. Other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee"; or**
- 2. While acting as a fund solicitor during fund raising campaigns.**



**ZURICH**

**ASSOCIATION OF BAY AREA GOVERNMENTAL 07/06/04  
(ABAG) PLAN CORP  
(SEE U-CR-129-A)  
101 8TH STREET  
OAKLAND, CA 94607**

Zurich North America

1400 American Lane

Schaumburg, Illinois

60196-1056

Internet [www.zurichna.com](http://www.zurichna.com)

**Re: Urgent Notice Regarding the Terrorism Risk Insurance Act of 2002**

**Because we deeply value our customers at Zurich North America, we are making every effort to quickly ensure that you are fully aware of the significant impact of the Terrorism Risk Insurance Act of 2002, which was recently enacted by Congress. We have enclosed a notice containing important disclosures required by the Act. Please read this information carefully.**

The primary purpose of the Act is to make available commercial property and casualty insurance coverage for losses resulting from certain acts of terrorism on the same material terms as for losses from other events. Additionally, insurance companies will begin making certain disclosures to their policyholders regarding the Act and the premium charged for terrorism coverage.

Again, please carefully review the enclosed materials. Please be aware that in our efforts to ensure that we communicate with you regarding all affected policies you have with us, you may receive more than one mailing. Please read each mailing carefully.

If you have any questions about how the Terrorism Risk Insurance Act of 2002 affects your coverage with us or about the enclosed information, please contact your agent or broker. For general information about the Terrorism Risk Insurance Act, and to review answers to frequently asked questions (FAQ's), please visit our website at [www.zurichna.com](http://www.zurichna.com).

Z-L3-A/S



ZURICH

## **THIS IMPORTANT DISCLOSURE NOTICE IS PART OF YOUR POLICY**

We are making the following informational disclosures in compliance with The Terrorism Risk Insurance Act of 2002. No action is required on your part.

### **Disclosure of Terrorism Premium**

The premium charge for risk of loss resulting from acts of terrorism (as defined in the Act) under this policy is **\$WAIVED**. This amount is reflected in the total premium for this policy.

### **Disclosure of Availability of Coverage for Terrorism Losses**

As required by the Terrorism Risk Insurance Act of 2002, we have made available to you coverage for losses resulting from acts of terrorism (as defined in the Act) with terms, amounts, and limitations that do not differ materially as those for losses arising from events other than acts of terrorism.

### **Disclosure of Federal Share of Insurance Company's Terrorism Losses**

The Terrorism Risk Insurance Act of 2002 establishes a mechanism by which the United States government will share in insurance company losses resulting from acts of terrorism (as defined in the Act) after an insurance company has paid losses in excess of an annual aggregate deductible. For 2002, the insurance company deductible is 1% of direct earned premium in the prior year; for 2003, 7% of direct earned premium in the prior year; for 2004, 10% of direct earned premium in the prior year; and for 2005, 15% of direct earned premium in the prior year. The federal share of an insurance company's losses above its deductible is 90%. In the event the United States government participates in losses, the United States government may direct insurance companies to collect a terrorism surcharge from policyholders. The Act does not currently provide for insurance industry or United States government participation in terrorism losses that exceed \$100 billion in any one calendar year.

### **Definition of Act of Terrorism**

The Terrorism Risk Insurance Act defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

But, no act shall be certified by the Secretary as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

**These disclosures are informational only and do not modify your policy or affect your rights under the policy.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME POLICY  
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs A. and B. below apply only to the Commercial Crime Policy and Government Crime Policy.

A. Paragraphs (2) and (3) of the Cancellation Of Policy Condition are replaced by the following:

**(2) All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

(a) 10 days before the effective date of cancellation if we cancel for:

- (i) Nonpayment of premium; or
- (ii) Discovery of fraud or material misrepresentation by:
  - i. Any insured or his or her representative in obtaining this policy; or
  - ii. You or your representative in pursuing a claim under this policy.

(b) 30 days before the effective date of cancellation if we cancel for any other reason.

**(3) All Policies In Effect For More Than 60 Days**

(a) If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- (i) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
- (ii) Discovery of fraud or material misrepresentation by:

- i. Any insured or his or her representative in obtaining this policy; or
- ii. You or your representative in pursuing a claim under this policy.

(iii) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

(iv) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

(v) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(vi) A determination by the Commissioner of Insurance that the:

- i. Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
- ii. Continuation of the policy coverage would:
  - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
  - (ii) Threaten our solvency.

(vii) A change by you or your representative in the activities or property of the commercial or industrial enterprise,

which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

(b) We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(i) 10 days before the effective date of cancellation if we cancel for a reason listed in Paragraph (3)(a)(i) or (3)(a)(ii); or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph (3)(a).

B. The following is added and supersedes any other provision to the contrary:

#### **NONRENEWAL**

1. Subject to the provisions of Paragraph B.2. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph B.1.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the time frames shown in Paragraph B.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

C. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the following is added to the Valuation – Settlement Condition:

Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.



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## THE FIDELITY & DEPOSIT COMPANIES

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### CALIFORNIA

### IMPORTANT INFORMATION TO POLICYHOLDERS

Companies writing property and casualty insurance business in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent the California Insurance Guarantee Association settles unpaid claims and assesses each company for its fair share.

California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will be displayed on the Declarations.

