

**NORTH DAKOTA INSURANCE RESERVE FUND  
PUBLIC ASSETS MEMORANDUM OF COVERAGE  
MONEY AND SECURITIES COVERAGE FORM**

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**NORTH DAKOTA INSURANCE RESERVE FUND**  
**PUBLIC ASSETS MEMORANDUM OF COVERAGE**  
**MONEY AND SECURITIES COVERAGE FORM**

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

Throughout this memorandum, the words "you" and "your" refer to the Named Member shown in the Declarations. The words "we," "us," and "our" refer to the North Dakota Insurance Reserve Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V – DEFINITIONS**.

**I. COVERAGE**

We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

**A. COVERED PROPERTY**

**1. Inside The Premises:**

"Money" and "securities" inside the "premises" or a "banking premises."

**2. Outside The Premises:**

"Money" and "securities" outside the "premises" in the care and custody of a "messenger."

**B. COVERED CAUSES OF LOSS**

1. "Theft"
2. Disappearance
3. Destruction

**C. COVERAGE EXTENSIONS**

1. Containers of Covered Property: We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box, or cash drawer located in the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.
2. Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.
3. Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only the amount of loss that you cannot recover:

- a. Under your contract with the armored motor vehicle company; and

- b. From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

## II. EXCLUSIONS

We will not pay for:

- A. **ACCOUNTING OR ARITHMETICAL ERRORS OR OMISSIONS:** Loss resulting from accounting or arithmetical errors or omissions.
- B. **ACTS OF EMPLOYEES, DIRECTORS, TRUSTEES OR REPRESENTATIVES:** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees, or representatives:
  - 1. Acting alone or in collusion with other persons; or
  - 2. While performing services for you or otherwise.
- C. **EXCHANGE OR PURCHASE:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
- D. **GOVERNMENTAL ACTION:** Loss resulting from seizure or destruction of property by order of governmental authority.
- E. **FIRE:** Loss from damage to the "premises" resulting from fire, however caused.
- F. **INDIRECT LOSS:** Loss that is an indirect result of any act or "occurrence" covered by this Coverage Form 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 loss from damage to, Covered 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 Coverage Form.
  - 3. Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under this Coverage Form.
- G. **LEGAL EXPENSES:** Expenses related to any legal action.
- H. **MONEY OPERATED DEVICES:** Loss of property contained in any money operating device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- I. **NUCLEAR:** Loss resulting from nuclear reaction, nuclear radiation, or radioactive contamination, or any related act or incident.
- J. **TRANSFER OR SURRENDER OF PROPERTY**
  - 1. Loss of property after it has been transferred or surrendered to a person or place outside of the "premises" or "banking premises":
    - a. On the basis of unauthorized instructions; or
    - b. As a result of a threat to do:
      - (1) Bodily harm to any person; or

(2) Damage to any property.

2. But, this exclusion does not apply to Covered Property while Outside the "premises" or "banking 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.

**K. VANDALISM:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

**L. 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.

**M. WAR AND SIMILAR ACTIONS:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

### III. LIMIT OF COVERAGE

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

### IV. CONDITIONS

**A. DISCOVERY PERIOD FOR LOSS:** We will pay only for covered loss discovered no later than one year from the end of the memorandum period.

#### B. JOINT NAMED MEMBERS

1. If more than one Member is named in the DECLARATIONS, the first named Member will act for itself and for every other Member for all purposes of this coverage. If the first named Member ceases to be covered, then the next named Member will become the first named member.
2. An "employee" of any Member is considered to be an "employee" of every Member.
3. We will not pay more for loss sustained by more than one Member than the amount we would pay if all the loss had been sustained by one Member.

**C. LOSS COVERED UNDER MORE THAN ONE COVERAGE OF THIS COVERAGE FORM:** If two or more coverages of this coverage form 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 coverage applicable to those coverages.

#### D. LOSS SUSTAINED DURING PRIOR COVERAGE

1. If you, or any predecessor in interest, sustained loss during the period of any prior coverage or insurance that you or the predecessor in interest could have recovered under that coverage or insurance except that the time within which to discover loss had expired, we will pay for it under this coverage, provided:

- a. This coverage became effective at the time of cancellation or termination of the prior coverage or insurance; and
  - b. The loss would have been covered by this coverage had it been in effect when the acts or events causing the loss were committed or occurred.
2. The coverage under this Condition is part of, not in addition to, the Limits of Coverage applying to this coverage and is limited to the lesser of the amount recoverable under:
    - a. This coverage as of its effective date; or
    - b. The prior coverage or insurance had it remained in effect.

**E. LOSS COVERED UNDER THIS COVERAGE AND PRIOR COVERAGE ISSUED BY US:** If any loss is covered:

1. Partly by this coverage; and
2. Partly by any prior cancelled or terminated coverage that we had issued to you or any predecessor in interest:

the most we will pay is the larger of the amount recoverable under this coverage or the prior coverage.

**F. NON-CUMULATION OF LIMIT OF COVERAGE:** Regardless of the number of years this coverage remains in force or the number of contributions paid, no Limit of Coverage cumulates from year to year or period to period.

**G. OTHER INSURANCE:** This coverage does not apply to loss recoverable or recovered under other coverage or indemnity. However, if the limit of other coverage or indemnity is insufficient to cover the entire amount of the loss, this coverage will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other coverage or indemnity, but not for more than the Limit of Coverage.

**H. OWNERSHIP OF PROPERTY; INTERESTS COVERED:** The property covered under this coverage is limited to property:

1. That you own or hold; or
2. For which you are legally liable.

However this coverage is for your benefit only. It provides no rights or benefits to any other person or organization.

**I. MEMORANDUM PERIOD**

1. The Memorandum Period is shown in the DECLARATIONS.
2. Subject to the Loss Sustained During Prior Coverage condition, we will pay only for loss that you sustain through acts committed or events occurring during the Memorandum Period.

**J. RECOVERIES**

1. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Coverage Form will be distributed as follows:

- a. To you, until you are reimbursed for any loss that you sustain that exceed the Limit of Coverage, if any;
  - b. Then to us, until we are reimbursed for the settlement made;
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.

**K. 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 have 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.

**L. VALUATION – SETTLEMENT**

1. Subject to the applicable Limit of Coverage provision we will pay for:
- a. Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
    - (1) At face value in the "money" issued by that country; or
    - (2) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
  - 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:
    - (1) 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";
    - (2) 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:
      - (a) Value of the "securities" at the close of business on the day the loss was discovered; or
      - (b) Limit of Coverage.
  - c. Loss of, or loss from damage to "property other than money and securities" or loss from damage to the "premises" for not more than the:
    - (1) Actual cash value of the property on the day the loss was discovered;
    - (2) Cost of repairing the property or "premises"; or
    - (3) Cost of replacing the property with property of like kind and quality.
- We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value of the cost of repair or replacement, the value or cost will be determined by arbitration.

2. We may, at our option, pay for loss of, or loss from damage to property other than "money":
  - a. In the "money" of the country in which the loss occurred; or
  - b. In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
3. Any property that we pay for or replace becomes our property.

## V. DEFINITIONS

A. **"BANKING PREMISES"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

B. **"EMPLOYEE"** means:

1. Any natural person:
  - a. While in your service (and for 30 days after the termination of service); and
  - b. Whom you compensate directly by salary wages or commissions; and
  - c. Whom you have the right to direct and control while performing services for you; or
2. Any natural person employed by an employment contractor 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."

But "employee" does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor, or representative of the same general contractor; or
- b. Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

C. **"MESSENGER"** means you or any of your "employees" while having care and custody of the property outside of the "premises."

D. **"MONEY"** means:

1. Currency, coins, and bank notes in current use and having a face value; and
2. Travelers checks, register checks, and money orders held for sale to the public.

E. **"OCCURRENCE"** means an:

1. Act or series of related acts involving one or more persons; or
2. Act or event, or a series of related acts or events not involving any person.

- F. **"PREMISES"** means the interior of that portion of any building you occupy in conducting your business.
- G. **"PROPERTY OTHER THAN MONEY AND SECURITIES"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed as not covered in any Coverage Form as Property Not Covered.
- H. **"SECURITIES"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
1. Tokens, tickets, revenue, and other stamps (whether represented by actual stamps or unused value in a meter) in current use, and
  2. Evidence of debt issued in connection with credit or charge cards, which cards are not issued by you;
- but does not include "money."
- I. **"THEFT"** means any act of stealing.