

# BUSINESS SERVICE BOND

Limit of Liability \_\_\_\_\_ Deductible \_\_\_\_\_ Bond No. \_\_\_\_\_

In consideration of an agreed premium, \_\_\_\_\_, a corporation organized under the laws of the State of \_\_\_\_\_ and duly authorized to transact business in \_\_\_\_\_ (hereinafter called "Surety"), hereby agrees to indemnify \_\_\_\_\_ of \_\_\_\_\_, (hereinafter called Insured), against loss of money or other property, real or personal, from the premises of any and all clients (hereinafter called "Client") to its services, or in which the Client has a pecuniary interest, or for which the Client is legally liable, which the Client shall sustain as the result of any fraudulent or dishonest act, as hereinafter defined, of an Employee or Employees of the Insured acting alone or in collusion with others, and for which the Insured is liable, the aggregate amount of indemnity on all Employees

being \_\_\_\_\_ DOLLARS ( \_\_\_\_\_ ),

Clients means any third person or entity that has contracted for the services of the Insured's Employees on the premises of the client, and shall include:

- All Clients of the Insured.  
or  
 Only the following Client:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

By acceptance of this bond or policy, you give us notice canceling prior insurance or bond numbers; \_\_\_\_\_. Cancellation to become effective at the time this bond or policy becomes effective.

## THE FOREGOING AGREEMENT IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

### SECTION 1: TERM OF BOND

The term of this bond begins with the \_\_\_\_\_ (day of) \_\_\_\_\_, \_\_\_\_\_ (year), standard time at the address of the Insured above given, and ends at 12:00 A.M. standard time, on the effective date of the cancellation of this bond in this entirety.

### SECTION 2: DISCOVERY PERIOD

Loss is covered under this bond only (a) if sustained through any act or acts committed by any Employee of Insured while this bond is in force as to such employee, and (b) if discovered prior to the expiration or, termination or cancellation of this bond in its entirety as provided in Section 14, or whichever shall first happen.

### SECTION 3: LIMIT OF LIABILITY

The most the Surety will pay for loss for any one occurrence is the Limit of Liability shown above.

### SECTION 4: DEDUCTIBLE

We will not indemnify for any loss unless the amount of loss exceeds the Deductible Amount shown above. We will then indemnify the Insured for the amount of loss in excess of the Deductible Amount up to the Limit of Liability shown above.

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### **SECTION 5: DEFINITION OF EMPLOYEE**

The word Employee or Employees, as used in this bond means any persons (except in the case of a corporation, directors or trustees of the Insured who are not also officers or employees of the Insured) in the regular service of the Insured in the ordinary course of the Insured's business during the term of this bond, and whom the Insured compensates by salary or wages and over which the Insured has control, and who are engaged in such service within any of the States of the United States of America and the District of Columbia. Employee or employees shall also mean the owner(s) of the named insured. Employee or Employees does not include brokers, factors, commission merchants, consignees, contractors, consultants or other agents or representatives of the same general character.

### **SECTION 6: FRAUDULENT OR DISHONEST ACT**

A fraudulent or dishonest act of an employee of the insured shall mean an act causing a loss to the Client during the time the Employee is engaged in services while on the premises of the Client which is punishable under the criminal code in the jurisdiction within which act occurred, for which said employee is tried and convicted by a court of proper jurisdiction.

### **SECTION 7: DEFINITION OF OCCURRENCE**

Occurrence means all loss(es) caused by or involving one or more Employees whether the result of a single act or a series of acts without regard to the number of Clients involved.

### **SECTION 8: MERGER OR CONSOLIDATION**

If any persons shall be taken into the regular service of the Insured as an Employee through merger or consolidation with some other concern, then the Insured shall give the Surety written notice thereof and shall pay an additional premium as a result of such merger or consolidation computed pro rata from the date of such merger or consolidation to the end of the current premium period.

### **SECTION 9: NON-ACCUMULATION OF LIABILITY**

Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Surety under this bond shall not be cumulative in amount from year to year or from period to period.

### **SECTION 10: LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE:**

With respect to loss or losses caused by an Employee or which are chargeable to such Employee as provided in SECTION 6. and which occur partly under this bond and partly under other bonds or policies issued by the Surety to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss or losses thereunder are discovered, the total liability of the Surety under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under this bond on such loss or losses or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss or losses, if the latter amount be the larger.

### **SECTION 11: SALVAGE**

If the Insured shall sustain any loss or losses covered by this bond which exceed the amount of coverage provided by this bond, then the Insured shall be entitled to all recoveries, except from suretyship, insurance, reinsurance or other security and indemnity taken by or for the benefit of the Surety, by whomsoever made on account of such loss or losses under this bond until fully reimbursed, less the actual cost of effecting the same, and any remainder shall be applied to the reimbursement of the Surety.

## BUSINESS SERVICE BOND (con't)

### SECTION 12: TRANSFER OF RIGHTS OF RECOVERY

The Insured, as a condition to coverage under this bond, must transfer to the Surety all rights of recovery, to the extent that a loss is paid by a company against any person or organization for any loss the Insured sustains and for which Surety has paid or settled a claim. The Insured must also do everything necessary to secure those rights and do nothing after loss to impair them.

### SECTION 13: CANCELLATION AS TO ANY EMPLOYEE

This bond shall be deemed cancelled as to any Employee: (a) Immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such Employee, of any fraudulent or dishonest act on the part of such Employee; or (b) at 12:00 A.M. standard time, upon the effective date specified in a written notice from the Surety which served upon the Insured or sent by mail. The effective date of such notice shall not be less than ten days from the date of service, or less than fifteen days from the date of mailing. The mailing by Surety of notice, as aforesaid, to the Insured at its principal office shall be sufficient proof of notice.

### SECTION 14: CANCELLATION AS TO BOND IN ITS ENTIRETY

This bond shall be deemed cancelled in its entirety at 12:00 A.M. standard time, upon the effective date specified in a written notice served by the Insured upon the Surety or by the Surety upon the Insured, or sent by mail. The effective date of such notice shall not be less than ten days from the date of service, or less than fifteen days from the date of mailing. The mailing by the Surety of notice, as aforesaid, to the Insured at its principal office shall be sufficient proof of notice. The Surety shall refund to the Insured the unearned premium computed pro rata if this bond be cancelled at the instance of the Surety, or at short rate if cancelled or reduced at the instance of the Insured.

### SECTION 15: PRIOR FRAUD, DISHONESTY OR CANCELLATION

To the best of the knowledge of the Insured, no Employee nor any partner or officer of the Insured has committed any fraudulent or dishonest act in the service of the Insured or otherwise. If prior to the issuance of this bond, any fidelity insurance in favor of the Insured or any predecessor in interest of the Insured and covering one or more of the Insured's employees shall have been cancelled as to any of such employees by reason of (a) the discovery of any fraudulent or dishonest act on the part of such employees, or (b) the giving of written notice of cancellation by the insurer issuing said fidelity insurance, whether the Surety or not, and if such employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, then the Surety shall not be liable under this bond on account of such employees unless the Surety shall agree in writing to include such employees within the coverage of this bond.

### SECTION 16: LOSS-NOTICE-PROOF-LEGAL PROCEEDINGS

As soon as practicable, and in no event later than fifteen days after discovery of any fraudulent or dishonest act on the part of any Employee by the Insured, the Insured shall send written notice thereof to the Surety and within 120 days after such discovery shall file with the Surety affirmative proof of loss itemized and duly sworn to. Upon request of the Surety the Insured shall render every assistance, not pecuniary, to facilitate the investigation and adjustment of any loss. No suit to recover on account of loss under this bond shall be brought before the expiration of 60 days from the filing of proof as aforesaid on account of such loss, nor after the expiration of 450 days from the discovery as aforesaid of the fraudulent or dishonest act causing such loss. If any limitation in this bond for giving notice, filing claim or bringing suit is prohibited or made void by any law controlling the construction of this bond, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

SIGNED, SEALED AND DATED

BY: \_\_\_\_\_

Signature of Attorney in fact

\_\_\_\_\_  
Print or Type Name of Attorney in fact