RURAL UTILITIES SERVICE REGULATIONS

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This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
COMMERCIAL FIDELITY AND FORGERY POLICY

A. In Section E.1. Conditions Applicable To All Insuring Agreements:

1. The following is added:

a. Notices

It is agreed that settlement of any claim under this insurance shall be made by check or draft payable to you, but no settlement shall be made without prior written approval of the Rural Utilities Service. It is further agreed that if you cancel this insurance, the Rural Utilities Service may, within 10 days after we receive such notice from you, advise us that the cancellation notice is inoperative. In such case, coverage shall continue as if such notice of cancellation had never been sent. Notices, approvals and requests required by the provisions of this insurance shall be sent as follows:

(1) To us, at our home office.

(2) To you, addressed to you at the city or town in which your principal office is located.

(3) To the Rural Utilities Service, addressed to the United States Department of Agriculture, Washington, DC, 20250.

b. Any action, approval or consent which, by the provisions of this insurance, is required to be taken or signed by the Rural Utilities Service shall be effective if taken or signed by the Administrator of the Rural Utilities Service or by his or her authorized representative.

2. The following is added to the Cancellation Or Termination Condition:

Termination Of Coverage As To Any Employee

This insurance terminates as to any "employee":

a. As soon as:

(1) A "designated person";

(2) An "employee" in your Human Resources Department or its equivalent; or

(3) An employee, agent or attorney of the Rural Utilities Service;

not in collusion with the "employee", learns of "theft" or any other fraudulent or dishonest act committed by the "employee", whether before or after becoming employed by you; or

b. At 12:01 a.m. upon the effective date specified in a written notice served upon you and the Rural Utilities Service or sent by registered mail to you and the Rural Utilities Service.

3. The Duties In The Event Of Loss Condition is replaced by the following:

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Duties In The Event Of Loss

Upon "discovery" of loss by a "designated person" or the Rural Utilities Service, or a situation that may result in loss of or damage to covered property:

a. Except as provided in Paragraph b. below, either you or the Rural Utilities Service must:

(1) Notify us as soon as possible;

(2) Give us a detailed, sworn proof of loss within four months;

(3) Cooperate with us in the investigation and settlement of any claim;

(4) Produce for our examination all pertinent records;

(5) Submit to examination under oath at our request and give us a signed statement of your answers; and

(6) Secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights.

b. If a Deductible Amount applies to the loss and a percentage is shown in the Declarations as the Percentage Of Deductible Amount Over Which Losses Must Be Reported, you do not have to notify us if the amount of loss at the time of "discovery" does not exceed such percentage of the applicable Deductible Amount.

However, if you later learn that the amount of such loss exceeds, or may reasonably be expected to exceed, the percentage of the applicable Deductible Amount, then you must:

(1) Notify us within the earliest of 15 days after:

(a) The date you learned that such loss exceeded the percentage of the applicable Deductible Amount;

(b) The effective date of termination or cancellation of this insurance; or

(c) The termination of the period of time provided in the Extended Period To Discover Loss Condition;

(2) Give us a detailed, sworn proof of loss within 120 days from the date you gave us notice; and

(3) Comply with the requirements set forth in Paragraphs a.(3) through a.(6) above.

Prior "discovery" of loss by a "designated person" shall not affect the right of the Rural Utilities Service to notify us of loss and to file proof of loss, even though such prior "discovery" may have occurred more than four months prior to the discovery of the loss by the Rural Utilities Service.

4. The Legal Action Against Us Condition is replaced by the following:

Legal Action Against Us

You or the Rural Utilities Service may not bring legal action against us involving loss:

a. Unless all the terms of this insurance have been complied with;

b. Until 60 days after proof of loss has been filed with us; and

c. Unless brought within two years from the date the loss is "discovered" by a "designated person" or the Rural Utilities Service.

B. In Section F. Definitions:

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1. The definition of "discovery" is amended to include discovery by an employee, agent or attorney of the Rural Utilities Service not in collusion with the "employee" responsible for the loss.

2. The definition of "employee" is amended to include any natural person who is a non-salaried officer or collection agent in your service.