



**MAGMA**  
General Insurance Limited

# **FIDELITY GUARANTEE INSURANCE POLICY (RETAIL)**

## **Policy Wording**

## POLICY WORDING

In consideration of Your having paid the premium for the policy period stated in the Schedule or for any further period of insurance for which we may accept the payment for renewal of this Policy, We undertake that in the event of any loss or damage during the policy period to your property and/or money on account of dishonesty of your employees stated in the schedule We will indemnify You in respect of such losses in the manner and to the extent set forth in the Policy provided that all the terms, conditions and exceptions of this Policy so far as they relate to anything to be done or complied with by You have been met.

This policy is an evidence of the contract between you and Magma General Insurance Limited. The information furnished by you in the proposal form and the declaration signed by you forms the basis of this contract.

The Policy, the Schedule and any Endorsement shall be read together and any word or expression to which a specific meaning has been attached in any part of this Policy or of Schedule shall bear such meaning wherever it may appear.

### **DEFINITION**

- 1. You/Your :** The person (s) named as Insured in the Schedule
- 2. We/Us/Our :** Magma General Insurance Limited
- 3. Proposal:** The application form you sign for this insurance and/or any other information you give to us or which is given to us on your behalf.
- 4. Policy:** Policy wording, the Schedule, the Proposal form and Endorsement / Memoranda if any.
- 5. Schedule:** The document which describes you, the cover that applies, the Period of Insurance and other details of your policy.
- 6. Sum Insured:** It means the amount stated in the Schedule against each employee/employee category which shall be our maximum liability under this Policy for any one claim arising out the dishonesty of the said employee/employee category.
- 7. Limit of Indemnity:** It means the amount stated in the schedule which shall be our aggregate maximum liability under this Policy during the policy period.
- 8. Period of Insurance:** It means the period between the commencement date and the expiry date specified in the Schedule.
- 9. Excess/Deductible** The amount stated in the Schedule, which shall be borne by you first in respect of each and every claim made under this Policy. Our liability to make any payment under the Policy is in excess of the Excess/Deductible.
- 10. Fraud:** It means obtaining an advantage by the perpetrator of the fraud, through unfair or wrongfully means. Frauds may result in pecuniary loss or other losses like loss of trade secrets. Under the insurance policy, only the pecuniary loss to the employer on account of fraud of the employee is covered.

- 11. Dishonesty:** Dishonest act always refers to breach of faith. As frauds, they may also either result in financial loss or other losses. The intention of the fidelity guarantee policy is to cover the loss resulting from the breach of faith on the part of the employees.
- 12. Forgery:** Forgery means fraudulent alternation of any document or the circulation of any forged or fraudulently altered document by the employee whereby, he obtains possession of money or goods of the insured. Here also breach of trust is there and so any loss on account of forgery is within the scope of this cover.
- 13. Embezzlement:** It refers to the misappropriation by any employee of monies or goods of the employer coming into possession of the employee before the possession passes on to the employer.
- 14. Larceny:** The term 'larceny' is understood to mean theft but larceny is different form theft in the sense that it is taking possession dishonestly, without employer's consent of any movable property, the safety of which is entrusted to the employee, while actually it is not in his possession.
- 15. Default :** The term refers to failure of some duty and in relation to Fidelity Guarantee Policy, it means non remittance of money collected by the employee or entrusted to him or non-deposit of goods entrusted to him. All dishonest defaults, resulting in pecuniary loss to the employer is covered under the policy.

In other words, the default intentionally committed by the employee with a view to cause loss to the employer alone is covered.

**COVERAGE:**

What we cover	What we exclude
<p>Loss of property or money as a direct result of employee dishonesty if:</p> <ul style="list-style-type: none"> <li>• You are able to identify which employee is responsible</li> <li>• The employee dishonesty is committed within the policy period and during the course of the employment, provided that the policy has been renewed with Us continuously without break</li> <li>• First discovered during the period <b>of insurance</b> or within 12 months of expiry/cancellation of the policy.</li> <li>• The loss is reported to the police immediately upon discovery</li> </ul> <p><b>Note:</b> We shall not be liable to pay more than one claim in respect of the action of any employee subject to following:</p>	<p>a)Any loss caused by a particular employee that occurs after:</p> <ul style="list-style-type: none"> <li>• You became aware of an act of employee dishonesty by that employee: or</li> <li>• You suspect that employee has committed an act of employee dishonesty</li> </ul> <p>b) Any loss resulting directly or indirectly from trading in securities : whether in your name and whether in a genuine or fictitious account</p> <p>c) Any act of employee dishonesty committed by a person whom you knew to be dishonest</p> <p>d) Any consequential losses of any kind, be they by way of loss of profit, any loss not reflected in your books of account, loss of opportunity, business interruption, market loss, loss of gain or potential income or gain which should have accrued to you (including but not limited to interest and dividends), or otherwise;</p> <p>e) any legal liability of any kind</p>

<p>(i) Our liability will be limited to Sum Insured per employee</p> <p>(ii) In case of series of claims arising out of single fraudulent/dishonest act committed by the employee, One Claim will be defined as per "Claims Aggregation" Clause as mentioned below.</p>	<p>f) any fraudulent or dishonest act of an Employee not discovered within 12 months of the date upon which such Employee ceased to be an employee of the Insured for any reason;</p> <p>g) Any loss sustained before the policy start date or more than 2 years before the date of first discovery, whichever may be later</p> <p>h) Any loss arising outside the jurisdiction of India</p>
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**Extra Benefits:**

**Accountants costs:**

If we agree to pay a claim, we will reimburse you for fees payable by you to external auditors if they are reasonably and necessarily incurred to substantiate the claim.

The maximum amount payable under this item shall be limited to 5% of claim amount subject to a maximum of Rs 10,000/-

**Basis of Loss Payment**

1. If a loss is sustained by you as a result of the fraudulent or dishonest conduct of a named Employee and/or persons comprising a category of Employees and other employees, then our liability shall stand reduced in the same proportion as the number of named Employees and/or categories of Employees bears to the number of employees involved in causing the said loss.
2. If a loss is sustained by you as a result of the fraudulent or dishonest conduct of a member of a category of Employees, and the actual number of Employees in such category exceeds the number of employees noted in the Schedule against such category, then our liability shall stand reduced in the same proportion as the number of Employees in such category bears to the actual number of employees in such category. See suggested wording below

If a loss is sustained by you as a result of the fraudulent or dishonest conduct of any employee(s) and the actual number of total employees or employees in relevant category, as the case may be, exceeds the number of employees noted in the schedule, then our liability shall stand reduced in the same proportion as the number of Employees insured bears to the actual number of employees.

3. Any monies which, but for the dishonest or fraudulent conduct of the Employee concerned, would have been payable to such Employee by the Insured and any monies of such Employee with the Insured (or which may come into the custody, care or control of the Insured) shall be applied by the Insured, to the extent it is legally entitled to do so, against the amount payable by us in diminution or extinction of any loss.

4. In no event we shall be liable under this Policy for more than the actual cash value of money, bullion, travellers cheques, negotiable instruments, bearer bonds or coupons, stamps, cheques, bank or currency notes or similar instruments on the day upon which the loss is discovered.

#### 5. **Claims Aggregation**

All claims and losses resulting from one and the same fraudulent or dishonest act; or a series of fraudulent or dishonest acts arising out of or attributable to the same originating cause, source or event, shall be deemed to be one claim subject to a single Employee Sum Insured under this Policy.

### **General Conditions**

#### **1. Notice:**

Every notice and communication to us required by or in respect of this policy shall be in writing.

#### **2. System of Checks and Precautions**

Relaxation of system of checks and precautions to be strictly prohibited.

#### **3. Mis-description:**

This Policy shall be void and premium paid shall be forfeited in the event of mis-representation, mis-description or non-disclosure of any material facts, called for in the proposal form, by you or your representative.

Non-disclosure shall also include failure on your part to intimate us in writing and obtaining written approval from us in respect of Changes in Circumstances during the period of insurance arising out of:

1. Changes in the nature of your business or change in the duties and conditions of service or remuneration of the employees.
2. Changes in the name, residential address or occupation of your employees used for their identification
3. Non-adherence or changes in the checks and balances for securing accuracy of accounts and stocks

#### **4. Claim Procedure:**

A) Upon happening of an event which may give rise to a claim under this policy

- a) You shall give us a notice to our call centre immediately and also intimate in writing to our policy issuing office with full particulars.
- b) You shall also lodge a complaint with the Police immediately and initiate necessary actions to prevent further losses.
- c) You shall furnish all information and requisite evidence to the Criminal Authorities of any act committed or supposed to have been committed by your employee in consequence of which a claim may be made under this Policy and if required by us prosecute the employee for such acts

B) On receipt of intimation from you regarding a claim under the policy, we are entitled to:-

- a) take proceedings in your name to prosecute all claims and exercise all rights of action competent to you against the employee in respect of any act insured against under this Policy.
- b) Delegate our representative to examine into circumstances of such loss and verify all books of accounts, receipts and documents relating to or containing entries relating to the loss.
- C) It is also clearly understood and agreed by you that the salary or any other money payable by you to the employee or any security or property of such employee in your possession, will be deducted from the claim amount.

Further that all money, estates which shall come into your possession subsequent to our payment of claims on account of such employee , will be paid to us to make good of the claim under this Policy in priority to any of your claims on such monies, estate or effects.

D) The documents normally required to be submitted in the event of a claim are :

1. Duly completed Claim form
2. Copy of FIR
3. Estimate of loss
4. FR
5. Any other details/documents called for a specific loss

## **5. Cancellation**

This policy may be terminated by You at any time by giving Us notice in writing. If You cancel the policy, We will

- a) Refund the proportionate premium for unexpired policy period, if the term of the policy is up to one year and there is no claim(s) made during the policy period.
- b) Refund the premium for the unexpired policy period, if the term of the policy is more than one year and the risk coverage for such policy years has not commenced.

We can cancel this policy during the policy period by giving notice of minimum 7 days to You only on the grounds of established fraud committed by You.

## **6. Employees**

No persons other than Employees shall be covered under this Policy unless and until a person's name or a category of employees has been notified in writing to us, any additional premium due has been paid and

our agreement to extend cover has been indicated by it issuing an endorsement confirming the addition of such employee or category as an Employee.

Normally FG policies exclude casual employees or employees not engaged in business/ trade, is the intention to cover such employees also. This exclusion should be mentioned in the definition of employees, give a definition of employee in the beginning of the policy.

**7. Adjustment of Premium What is the system of rating, is it employee and sum insured basis or cash and stocks held by employees. The condition is not normally found in FG policies, would depend on basis of rating adopted.**

During the Policy Period you shall maintain a proper and contemporaneous record of the actual amount of cash or stock held by Employees, which record shall be available for inspection by us at any reasonable time. Within one month from the expiry of this Policy you shall provide us with a written record of the actual amount of cash or stock held by Employees during the Policy Period and any information or supporting documentation in respect thereof that we may request.

If the amount of cash or stock held by Employees ascertained after the expiry of this Policy shall differ from your estimate thereof as stated in the proposal, then (if the actual amount of cash or stock held by Employees exceeds the estimate of the same) you shall pay to us any additional premium that we may determine by reference to the differential, or (if the actual amount of cash or stock held by Employees is less than the your estimate of the same) we will reimburse you by reference to the differential but subject to minimum retention of premium of 75%.

**8. FRAUD**

If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by you or anyone acting on your behalf to obtain any benefits under the policy or if loss or damage be occasioned by the willful act or with your connivance, all benefits under this policy shall be forfeited.

**9. Contribution:**

If at the time of any loss or damage happening to any property hereby insured there be any other subsisting insurance or insurances or other guarantees or sureties, whether effected by you or by any other person on your behalf covering the same property We shall not be liable to pay or contribute more than its rateable proportion of such loss.

**10. Subrogation:**

You shall at our expense do or concur in doing or permit to be done all such acts and things that may be necessary or reasonably required by us for the purpose of enforcing any rights and remedies or obtaining relief or indemnity from the employee(s) or other parties to which we shall be or would become entitled

or subrogated upon our paying or making good any loss or damage under this Policy whether such acts and things shall be or become necessary or required before or after we indemnify your loss or damage

**11. Arbitration**

Should any dispute arise between Us and You on the quantum of amount payable, liability being otherwise admitted by us, such dispute will be referred to Arbitration proceedings in accordance with Arbitration and Conciliation Act of 1996 as amended from time to time. Further the making of an award by Arbitrator(s) shall be a condition precedent to any right of action or suit by You against Us.

**12. Disclaimer Clause**

If we shall disclaim Our liability in any claim, and such claim shall not have been made the subject matter of a suit in a court of law within 12 months from the date of disclaimer, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable under this Policy.

**13. Geographical Limits:**

The Geographical Limit of this Policy and jurisdiction shall be India. All claims under this policy shall be settled in Indian Rupees only.

**14. Salvage :**

Salvage is the amount that is assessed which the damaged asset will fetch in the open market. This amount is deducted from the claim amount.

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