

	<p>Department of Administration</p> <p>State of Montana</p> <p>Issued by: The Risk Management & Tort Defense Division</p> <p>Subject: Crime/Fidelity Insurance</p> <p>The state's crime and fidelity insurance coverage and program requirements.</p>	<p>Number: RMTDINS0805</p>
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I. DESCRIPTION

In accordance with §2-9-101, MCA through §2-9-305, MCA, the Department of Administration, Risk Management & Tort Defense Division administers a comprehensive insurance plan in behalf of Montana state government. The division also defends and indemnifies state agencies and employees in any TORT claim for damages arising from the lawful discharge of official duties rendered or which should have been rendered in the course of employment and within the scope of duty. This document provides a broad overview of insurance coverage provided under the state property/casualty insurance plan as well as specific program requirements for state agencies that participate in the state's crime insurance program. This document does not amend, alter, or extend coverage provided under the state property/casualty insurance program or statute. Do not attempt to interpret coverage, limits, or exclusions and apply these to state activities without contacting the Risk Management & Tort Defense Division. Specific exclusions, limits, or conditions may apply.

II. DEFINITIONS

Division means the Risk Management & Tort Defense Division.

Employee means any person while in the service of the state (and for 30 days after termination of service), whom the state compensates directly by salary, wages, or commissions and whom the state has the right to direct and control while performing services for the state; and any person who is furnished to the state to substitute for a permanent employee on leave, or meet seasonal or short-term workload conditions, while that person is subject to the state's direction and control and performing services for the state excluding, however, any such person while having care and custody of property outside the premises.

Employee does not mean any agent, broker, person leased to the state by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or director or trustee while performing acts coming within the scope of the usual duties of an employee.

Money means a medium of exchange in current use and authorized or adopted by a domestic or foreign government including currency, coins, bank notes, bullion, traveler's checks, registered checks, and money orders.

Occurrence means an accident, including continuous or repeated exposure to conditions, which result in bodily injury or property damage during the policy period, neither expected nor intended from the standpoint of the state.

Other Property means any tangible property other than money or securities that has intrinsic value.

Premises means the interior of that portion of any building that the state or university system occupies in conducting its business.

Property Other Than Money & Securities means tangible property that has intrinsic value that is not excluded under the state's policy.

Securities means written negotiable and non-negotiable instruments representing money or property including tokens, tickets, revenue and other stamps in current use, evidences of debt issued in connection with credit or charge cards not issued by the state.

State means the State of Montana or any office, department, agency, authority, commission, board, institution, hospital, college, university, or other instrumentality thereof.

III. INSURING AGREEMENT

Subject to the terms, conditions, and exclusions specified in statute (§2-9-101, MCA through §2-9-305, MCA) and in the state's crime policy. This policy applies to insured property anywhere in the world.

IV. EXTENSIONS OF COVERAGE

The state's policy is extended to cover:

- A. Losses arising from dishonest acts of state employees, university employees, or employees of other organizations who are temporarily furnished to a state agency or university. The state's insurance covers money, securities, and other property. Coverage is also extended to include faithful performance of duty.
- B. Forgery or alteration of checks, drafts, promissory notes, bills of exchange, or similar written promises, orders, or directions.
- C. Theft, damage, destruction, and disappearance of money, securities, and other property on state or university premises.

- D. Theft, damage, destruction, and disappearance of money, securities, and other property outside of state or university premises or in the custody of a messenger service or armored motor vehicle company.
- E. Direct loss or damage to money, securities, and other property caused by computer fraud. Reasonable expenses to restore or replace computer programs and/or electronic data.
- F. Direct loss of money and/or securities caused by fund transfer fraud
- G. Identity theft reimbursement associated with fraudulent activity on personal accounts.
- H. Expenses associated with preparing a claim.

V. GENERAL EXCLUSIONS

- A. War, insurrection, rebellion, or revolution.
- B. Seizure or destruction of property by a government authority.
- C. Loss of income.
- D. Indirect or consequential loss including fines, penalties, multiples, or punitive damages.
- E. Loss or damage to microfilms, tapes, manuscripts, records, accounts, or other records whether written or electronic.
- F. Loss of inventory or loss of profit.
- G. Losses arising from fire, except damage to money, securities, and money vaults.
- H. Nuclear risks, radioactive contamination, or biological or chemical contamination.
- I. Kidnap, extortion, or ransom payments.
- J. Accounting or mathematical errors.
- K. Loss or damage from money operated devices.

- L. Damage to property arising from vandalism or malicious mischief.
- M. Diminution in the value of money, securities, or other property.
- N. Loss arising from debit or charge cards.

VI. PROGRAM REQUIREMENTS

- A. State agencies and universities must notify the Risk Management & Tort Defense Division of a claim or potential claim as soon as possible.
- B. State agencies and universities must list number and type FTES they want insured by classification of FTE on the state Property/Casualty Insurance Information System and submit the report to the division by January 15th of each fiscal year. Failure to accurately report FTEs may result in inadequate coverage.
- C. The Risk Management & Tort Defense Division and participating carriers shall be subrogated to the state's recovery against third parties. The state shall do nothing to prejudice such rights.
- D. The state's policy may be cancelled with 30 days notice. Should this occur, the Risk Management & Tort Defense Division would secure coverage from other carriers.
- E. The state's policy may be void if the state has concealed or misrepresented material facts or circumstances.

VII. SPECIAL SERVICES

- A. State agencies and universities that need coverage for theft of cash, securities, or other assets by third parties (not state employees) and not mentioned above are encouraged to contact the Risk Management & Tort Defense Division. The division or its brokers may be able to form a plan of self-insurance to assist your agency or university. Any plan must be consistent with §2-9-201, MCA. The division may have to obtain legislative approval for the plan. The division may be able to obtain commercial insurance to meet your needs.
- B. The Risk Management & Tort Defense Division may be able to help you develop a risk control plan that will remove or reduce your need for coverage.

VIII. REPORTING LOSSES

The **State Report of Incident Form** should be used. State agencies

and universities must notify the Risk Management & Tort Defense Division of a claim or potential claim as soon as possible, preferably within 24 hours, but not less than 5 business days. Claims not reported within a reasonable period of time may be denied.

Sample forms may be found on the division's website under 'Claims.' You may photocopy them (front and back) as needed.

IX. LIMITS

\$10,000,000 Public Employee Dishonesty.

\$10,000,000 Forgery or Alteration;

\$10,000,000 Theft, Disappearance, and Destruction;

\$10,000,000 Computer Fraud.

X. DEDUCTIBLES

\$500,000

XI. PREMIUMS

Premiums must be promptly remitted by state agencies and universities after receiving billing notices from the Risk Management & Tort Defense Division.