

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC  
 Form 40-17G  
 June 29, 2007

CHUBB GROUP OF INSURANCE COMPANIES  
 15 Mountain View Road, Warren, New Jersey 07059

DECLARATIONS  
 FINANCIAL INSTITUTION  
 COMPANY ASSET PROTECTION

NAME OF ASSURED (including its SUBSIDIARIES):

Bond Number: 8190

FLAHERTY & CRUMRINE / CLAYMORE TOTAL RETURN FUND  
 INCORPORATED

FEDERAL INSURANCE

301 E. COLORADO BLVD., STE 720  
 PASADENA, CAL 91101

Incorporated under  
 a stock insurance  
 Capital Center, 2  
 Indianapolis, IN

ITEM 1. BOND PERIOD: from 12:01 a.m. on  
 to 12:01 a.m. on

ITEM 2. LIMITS OF LIABILITY--DEDUCTIBLE AMOUNTS:

If "Not Covered" is inserted below opposite any specified INSURING CLAUSE, such  
 INSURING CLAUSE and any other reference shall be deemed to be deleted. THERE  
 SHALL BE NO DEDUCTIBLE APPLICABLE TO ANY LOSS UNDER INSURING CLAUSE 1. SUSTAINED  
 BY ANY INVESTMENT COMPANY.

INSURING CLAUSE	LIMIT OF LIABILITY
1. Employee	\$ 750,000
2. On Premises	\$ 750,000
3. In Transit	\$ 750,000
4. Forgery or Alteration	\$ N/A
5. Extended Forgery	\$ N/A
6. Counterfeit Money	\$ N/A
7. Threats to Person	\$ N/A
8. Computer System	\$ N/A
9. Voice Initiated Funds Transfer Instruction	\$ N/A
10. Uncollectible Items of Deposit	\$ N/A
11. Audit Expense	\$ 25,000

ITEM 3. THE LIABILITY OF THE COMPANY IS ALSO SUBJECT TO THE TERMS OF THE FOLLOWING  
 ENDORSEMENTS EXECUTED SIMULTANEOUSLY HEREWITH:

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1) CA Premium Endorsement; 2) Deleting Valuation-Other Property Endorsement  
Applicable Trade Sanction Laws

IN WITNESS WHEREOF, THE COMPANY has caused this Bond to be signed by its authorized officers, but it shall not be valid unless also signed by an authorized representative of the Company.

/S/ W. ANDREW MACAN      /S/ THOMAS F. MOTAMED  
Secretary                      President

/S/ ROBERT HAMBURGER  
Authorized Representative

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The COMPANY, in consideration of payment of the required premium, shall be deemed to have accepted the terms and conditions of this Bond and to have relied on the APPLICATION and all other statements made and furnished to the COMPANY by the ASSURED, and subject to the DECLARATION part of this Bond and to all other terms and conditions of this Bond, shall pay the ASSURED for:

INSURING CLAUSES

EMPLOYEE

1. Loss resulting directly from LARCENY or EMBEZZLEMENT committed by an EMPLOYEE, alone or in collusion with others.

ON PREMISES

2. Loss of PROPERTY resulting directly from robbery, burglary, common law or statutory larceny, misplacement, mysterious disappearance, damage, destruction or removal, from the possession or control of the ASSURED, while such PROPERTY is lodged or deposited or located anywhere.

IN TRANSIT

3. Loss of PROPERTY resulting directly from common law or statutory larceny, misplacement, mysterious unexplainable disappearance, damage or destruction, while the PROPERTY is in transit anywhere:

- a. in an armored motor vehicle, including loading and unloading
- b. in the custody of a natural person acting as a bailee, or
- c. in the custody of a TRANSPORTATION COMPANY and conveyance other than an armored motor vehicle covered PROPERTY transported in such manner is
  - (1) written records,
  - (2) securities issued in registered form and not restrictively endorsed, or

- (3) negotiable instruments not payable to order or are restrictively endorsed.

Coverage under this INSURING CLAUSE begins immediately on the delivery of such PROPERTY by the natural person or TRANSPORTATION COMPANY to the addressee immediately on delivery to the premises of the addressee or to the addressee located anywhere.

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INSURING CLAUSES  
(CONTINUED)

FORGERY OR ALTERATION

- 4. Loss resulting directly from:
  - a. FORGERY on, or fraudulent material alteration of, checks, drafts, acceptances, certificates of deposit, bills, money orders, orders upon public treasury notes, written promises, orders or directions to pay, or receipts for the withdrawal of PROPERTY, or
  - b. transferring, paying or delivering any funds or any credit or giving any value in reliance on any order or applications directed to the ASSURED authorizing transfer, payment, delivery or receipt of funds, or instructions, advices or applications fraudulently signed by the handwritten signature of any customer of the ASSURED, subscriber to shares of an INVESTMENT COMPANY, institution or EMPLOYEE but which instructions do not bear a FORGERY or have been fraudulently materially altered without the knowledge and consent of such customer, shareholder, institution or EMPLOYEE;

excluding, however, under this INSURING CLAUSE any loss covered by INSURING CLAUSE 5. of this Bond, whether or not coverage under INSURING CLAUSE 5. is provided for in the DECLARATIONS of this Bond.

For the purpose of this INSURING CLAUSE, a mechanical signature is treated the same as a handwritten signature.

EXTENDED FORGERY

- 5. Loss resulting directly from the ASSURED having, in the ordinary course of business, for its own account or on behalf of its capacity:
  - a. acquired, accepted or received, accepted or received, or given value, extended credit or assumed liability

SECURITIES, DOCUMENTS OR OTHER WRITTEN INSTRUMENTS

- (1) bear a FORGERY or a fraudulent signature
- (2) have been lost or stolen, or
- (3) be COUNTERFEIT, or

b. guaranteed in writing or witnessed any signature, assignment, bill of sale, power of attorney, gift, or other obligation upon or in connection with any SECURITY INSTRUMENTS OR WRITTEN INSTRUMENTS.

Actual physical possession, and continued actual physical possession, of such SECURITIES, DOCUMENTS OR OTHER WRITTEN INSTRUMENTS, by an EMPLOYEE, CUSTODIAN, or a Federal or State chartered bank, is ASSURED is a condition precedent to the ASSURED having possession. Release or return of such collateral is an acknowledgment that the ASSURED no longer relies on such collateral.

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INSURING CLAUSES

EXTENDED FORGERY

For the purpose of this INSURING CLAUSE, a mechanically reproduced facsimile (CONTINUED) signature is treated as a handwritten signature.

COUNTERFEIT MONEY

6. Loss resulting directly from the receipt by the ASSURED of COUNTERFEIT money.

THREATS TO PERSON

7. Loss resulting directly from surrender of PROPERTY of the ASSURED as a result of a threat communicated to the ASSURED or harm to an EMPLOYEE as defined in Section 1.e. (1), an invitee of such EMPLOYEE, or a resident of the household of the ASSURED, is, or allegedly is, being held captive provided, however, the ASSURED has no interest in such PROPERTY:

- a. the EMPLOYEE who receives the threat has notified an officer of the ASSURED who is a law enforcement officer.
- b. the ASSURED has made a reasonable effort to obtain a search warrant, investigation and local law enforcement assistance.

It is agreed that for purposes of this INSURING CLAUSE, the ASSURED, as set forth in the preceding paragraph, shall not be liable for the loss of such PROPERTY hereunder, but only with respect to the surrender of such PROPERTY and other tangible personal property in which such EMPLOYEE has an equitable interest.

COMPUTER SYSTEM

8. Loss resulting directly from fraudulent:
- a. entries of data into, or
  - b. changes of data elements or programs within a COMPUTER SYSTEM, provided the fraudulent entry or
    - (1) funds or other property to be transferred,
    - (2) an account of the ASSURED or of a CUSTOMER, debited or credited, or
    - (3) an unauthorized account or a fund account credited.

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INSURING CLAUSES  
(CONTINUED)

VOICE INITIATED FUNDS  
TRANSFER INSTRUCTION

9. Loss resulting directly from VOICE INITIATED FUNDS TRANSFER INSTRUCTION to the ASSURED authorizing the transfer of dividends or INVESTMENT COMPANY shares from a CUSTOMER'S account, VOICE INITIATED FUNDS TRANSFER INSTRUCTION was:
- a. received at the ASSURED'S offices by those employees specifically authorized to receive the VOICE INITIATED FUNDS TRANSFER INSTRUCTION,
  - b. made by a person purporting to be a CUSTOMER,
  - c. made by said person for the purpose of causing a loss to be sustained to sustain a loss or making an improper payment to a person or any other person.
- In order for coverage to apply under this INSURING CLAUSES VOICE INITIATED FUNDS TRANSFER INSTRUCTIONS must be received and processed in accordance with the Designated Procedures outlined in the APPLICATION PROCEDURES of the INVESTMENT COMPANY.

UNCOLLECTIBLE ITEMS OF  
DEPOSIT

10. Loss resulting directly from the ASSURED having credited an account of a customer, shareholder or subscriber on the faith of a check which proved to be uncollectible, provided that the credit was for:
- a. redemptions or withdrawals to be permitted,
  - b. shares to be issued, or
  - c. dividends to be paid, from an account of an INVESTMENT COMPANY.

In order for coverage to apply under this INSURING C  
ITEMS OF DEPOSIT for the minimum number of days stat  
permitting any redemptions or withdrawals, issu  
dividends with respect to such ITEMS OF DEPOSIT.

ITEMS OF DEPOSIT shall not be deemed uncollectible u  
standard collection procedures have failed.

AUDIT EXPENSE

- 11. Expense incurred by the ASSURED for that part of the examinations required by any governmental regulatory organization to be conducted by such authority, orga reason of the discovery of loss sustained by the ASS Bond.

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GENERAL AGREEMENTS

ADDITIONAL COMPANIES  
INCLUDED AS ASSURED

- A. If more than one corporation, or INVESTMENT COMPANY, them is included as the ASSURED herein:
  - (1) The total liability of the COMPANY under this sustained by any one or more or all of them s which the COMPANY would be liable under this sustained by any one of them.
  - (2) Only the first named ASSURED shall be deemed others for all purposes under this Bond, incl or receiving of any notice or proof required effecting or accepting any amendments to or t COMPANY shall furnish each INVESTMENT COMPANY Bond and with any amendment thereto, together filing of claim by any other named ASSURED an the settlement of each such claim prior to th
  - (3) The COMPANY shall not be responsible for the payment made hereunder to the first named ASS
  - (4) Knowledge possessed or discovery made by any officer or supervisory employee of any ASSURE or discovery by all the ASSUREDS for the purp
  - (5) If the first named ASSURED ceases for any rea Bond, then the ASSURED next named on the APPL be considered as the first named ASSURED for

REPRESENTATION MADE BY

- B. The ASSURED represents that all information it has f

ASSURED

APPLICATION for this Bond or otherwise is complete, APPLICATION and other information constitute part of

The ASSURED must promptly notify the COMPANY of any circumstance which materially affects the risk assumed by this Bond.

Any intentional misrepresentation, omission, concealment of a material fact, in the APPLICATION or otherwise, shall constitute a breach of this Bond.

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GENERAL AGREEMENTS  
(CONTINUED)

ADDITIONAL OFFICES OR  
EMPLOYEES - CONSOLIDATION,  
MERGER OR PURCHASE OR  
ACQUISITION OF ASSETS  
OR LIABILITIES - NOTICE TO  
COMPANY

- C. If the ASSURED, other than an INVESTMENT COMPANY, which merges or consolidates with, or purchases or acquires another institution, the ASSURED shall not have the right to sue for loss which has:
  - (1) occurred or will occur on premises, or
  - (2) been caused or will be caused by an employee, or
  - (3) arisen or will arise out of the assets or liabilities of such institution, unless the ASSURED:
    - a. gives the COMPANY written notice of the proposed purchase or acquisition of assets or liabilities, the date of such action, and
    - b. obtains the written consent of the COMPANY to such additional coverage provided by this Bond to such additional institution, and
    - c. on obtaining such consent, pays to the COMPANY the cost of such additional coverage.

CHANGE OF CONTROL -  
NOTICE TO COMPANY

- D. When the ASSURED learns of a change in control (other than a change in control of the COMPANY), as set forth in Section 2(a) (9) of the Investment Company Act of 1940, the ASSURED shall within sixty (60) days after the date of such change in control, setting forth:
  - (1) the names of the transferors and transferees and the percentage ownership of the voting securities owned by each owner if the voting securities are registered securities;
  - (2) the total number of voting securities owned by the transferors and transferees (or the beneficial owners), both before and after the transfer, and
  - (3) the total number of outstanding voting securities of the COMPANY.
 Failure to give the required notice shall result in the Bond being void and of no effect, and no loss shall be payable thereunder, to be effective on the date of such change in control.

COURT COSTS AND

- E. The COMPANY will indemnify the ASSURED for court costs and expenses incurred by the ASSURED in connection with the defense of any suit or proceeding brought against the ASSURED.

ATTORNEYS' FEES

attorneys' fees incurred and paid by the ASSURED in successful, whether or not fully litigated on the merits of any claim, suit or legal proceeding with respect to which the ASSURED may be entitled to recovery under this Bond. However, with respect to CLAUSE 1., this Section shall only apply in the event of a LARCENY OR BURGLARY OF THE ASSURED if:  
(1) an EMPLOYEE admits to being guilty of LARCENY OR BURGLARY OF THE ASSURED;  
(2) an EMPLOYEE is adjudicated to be guilty of LARCENY OR BURGLARY OF THE ASSURED.

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GENERAL AGREEMENTS

COURT COSTS AND  
ATTORNEYS' FEES  
(CONTINUED)

- (3) in the absence of 1 or 2 above, an arbitration panel shall determine an agreed statement of facts between the COMPANY and the ASSURED and that an EMPLOYEE would be found guilty of LARCENY OR BURGLARY OF THE ASSURED if such EMPLOYEE were prosecuted.

The ASSURED shall promptly give notice to the COMPANY of any such suit or legal proceeding and at the request of the COMPANY shall provide the COMPANY with pleadings and pertinent papers to the COMPANY. The ASSURED may, at its option, elect to conduct the defense of all or part of such suit or legal proceeding. The defense by the COMPANY shall be in the name of the ASSURED and shall be selected by the COMPANY. The ASSURED shall provide a reasonable amount of defense and assistance as required by the COMPANY for such defense and assistance.

If the COMPANY declines to defend the ASSURED, no suit or legal proceeding shall be maintained against the ASSURED without the written consent of the COMPANY nor judgment against the ASSURED as to the existence, extent or amount of coverage under this Bond.

If the amount demanded in any such suit or legal proceeding exceeds the DEDUCTIBLE AMOUNT, if any, the COMPANY shall have no obligation to pay the DEDUCTIBLE AMOUNT and attorney's fees incurred in defending all or part of such suit or legal proceeding.

If the amount demanded in any such suit or legal proceeding exceeds the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS and the INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceeding shall be limited to the proportion of such court costs and attorney's fees that the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS bears to the total of the amount demanded in such suit or legal proceeding.

If the amount demanded in any such suit or legal proceeding exceeds the DEDUCTIBLE AMOUNT, if any, but within the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceedings shall be limited to the proportion of such court costs and attorney's fees that the amount demanded in such suit or legal proceedings bears to the total of the amount demanded in such suit or legal proceedings.



under this Bond after application of the DEDUCTIBLE amount demanded.

Amounts paid by the COMPANY for court costs and attorney fees in addition to the LIMIT OF LIABILITY stated in ITEM 2.

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CONDITIONS AND  
LIMITATIONS

DEFINITIONS

1. As used in this Bond:
  - a. COMPUTER SYSTEM means a computer and all input devices, storage, off-line media libraries, and communication devices connected to the computer and which are under the control of the operating system(s) or application(s).
  - b. COUNTERFEIT means an imitation of an actual work of art or design to deceive and be taken as the original.
  - c. CUSTODIAN means the institution designated by the ASSURED to maintain possession and control of its assets.
  - d. CUSTOMER means an individual, corporate, partnership, trust, shareholder or subscriber of an INVESTMENT CONTRACT in accordance with an agreement with the ASSURED for VOICE INITIATED SERVICE INSTRUCTION.
  - e. EMPLOYEE means:
    - (1) an officer of the ASSURED,
    - (2) a natural person while in the regular course of business on the ASSURED'S premises and compensated through its payroll system and subject to the reporting of Revenue Service Form W-2 or equivalent in other countries, and whom the ASSURED exercises direct both as to the result to be accomplished and the service by which such result is accomplished,
    - (3) a guest student pursuing studies or performing research on ASSURED'S premises,
    - (4) an attorney retained by the ASSURED and while either is performing legal services,
    - (5) a natural person provided by an employer to perform employee duties for the ASSURED under contract at any of the ASSURED'S premises,

- (6) an employee of an institution merged with the ASSURED prior to the effective date of the ASSURED
- (7) a director or trustee of the ASSURED, within the scope of the customary and usual duties of such director or trustee or other employee of the ASSURED or while acting as a member of a committee duly elected or appointed to the custody of or access to PROPERTY of the ASSURED

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CONDITIONS AND  
LIMITATIONS

DEFINITIONS  
(CONTINUED)

- (8) each natural person, partnership or corporation which has entered into an agreement with the ASSURED to perform services as a processor of checks or other accounting records only while such person, partnership or corporation is performing such services and not:

- a. creating, preparing, modifying or maintaining computer software or programs, or
- b. acting as transfer agent or in any other capacity with respect to checks, drafts or securities for the ASSURED

- (9) any partner, officer or employee of an investment company (distributor), a transfer agent or shareholder administrator, for an INVESTMENT COMPANY while performing within the scope of the customary and usual duties of an INVESTMENT COMPANY or acting as a member of a committee duly elected or appointed to examine, audit or have custody of PROPERTY of AN INVESTMENT COMPANY.

The term EMPLOYEE shall not include any partner, transfer agent, shareholder accounting recordkeeper

- a. which is not an "affiliated person" (as defined in the Investment Company Act of 1940) of an INVESTMENT COMPANY, the investment advisor or underwriter of an INVESTMENT COMPANY, or
- b. which is a "bank" (as defined in Section 3 of the Investment Company Act of 1940).

This Bond does not afford coverage for claims by the ASSURED against persons as set forth in e. (4), (5)

the ASSURED by the COMPANY resulting from an EMBEZZLEMENT committed by any of the employees of such employers, whether

with others, an assignment of such o  
causes of action as it may have agai  
such acts so committed shall, to the  
by the ASSURED to the COMPANY, and t  
all papers necessary to secure to th  
for herein.

Each employer of persons as set forth in e  
partners, officers and other employees of such  
deemed to be one person for all the purposes of  
the fifth paragraph of Section 13.

Independent contractors not specified in e.(4),  
intermediaries, agents, brokers or other represe  
character shall not be considered EMPLOYEES.

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CONDITIONS AND  
LIMITATIONS

DEFINITIONS  
(CONTINUED)

- f. FORGERY means the signing of the name of another  
intent to deceive but does not mean a signature w  
part of one's own name, with or without authority  
purpose.
- g. INVESTMENT COMPANY means any investment company r  
Investment Company Act of 1940 and listed under t  
on the DECLARATIONS.
- h. ITEMS OF DEPOSIT means one or more checks or draf  
financial institution in the United States of Ame
- i. LARCENY OR EMBEZZLEMENT means larceny or embezzle  
Section 37 of the Investment Company Act of 1940.
- j. PROPERTY means money, revenue and other stamps; s  
note, stock, treasury stock, bond, debenture, evi  
certificate of deposit, certificate of interest o  
sharing agreement, collateral trust certificate,  
subscription, transferable share, investment cont  
certificate of deposit for a security, fractional  
other mineral rights, any interest or instruments  
security under the Investment Company Act of 1940  
interest or participation in, temporary or interi  
guarantee of, or warrant or right to subscribe to

foregoing; bills of exchange; acceptances; checks

orders; travelers' letters of credit; bills of lading; policies, deeds, mortgages on real estate and/or interests therein; assignments of such policies, deeds or mortgages; papers, including books of accounts and other records; ASSURED in the conduct of its business (but excluding processing records); and, all other instruments and records the foregoing in which the ASSURED acquired an interest in ASSURED'S consolidation or merger with, or purchase of, assets of, a predecessor or which are held by the ASSURED for the purpose or in any capacity and whether so held directly or indirectly whether or not the ASSURED is liable therefor.

- k. RELATIVE means the spouse of an EMPLOYEE or partner and any unmarried child supported wholly by, or for the benefit of, an EMPLOYEE or partner and being related to them by blood, marriage or guardianship.
- l. SECURITIES, DOCUMENTS OR OTHER WRITTEN INSTRUMENTS (including original counterparts) negotiable or non-negotiable, assignments thereof, which in and of themselves represent an interest, ownership, or debt and which are in the possession of the ASSURED or transferable by delivery of such instruments with or without endorsements or assignments.

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CONDITIONS AND  
LIMITATIONS

DEFINITIONS  
(CONTINUED)

- m. SUBSIDIARY means any organization that, at the time of its formation, is named in the APPLICATION or is created during the term of the APPLICATION of which more than fifty percent (50%) of the outstanding shares or rights representing the present right to vote for directors are owned or controlled by the ASSURED either directly or through its subsidiaries.
- n. TRANSPORTATION COMPANY means any organization which owns, leases or its leased vehicles for transportation or which provides express or air express services.
- o. VOICE INITIATED ELECTION means any election concerning the ASSURED available to INVESTMENT COMPANY shareholders or shareholders of any subsidiary requested by voice over the telephone.
- p. VOICE INITIATED REDEMPTION means any redemption of shares of the ASSURED or INVESTMENT COMPANY which is requested by voice over the telephone.
- q. VOICE INITIATED FUNDS TRANSFER INSTRUCTION means

REDEMPTION or VOICE INITIATED ELECTION.

For the purposes of these definitions, the singular includes the plural, unless otherwise indicated.

GENERAL EXCLUSIONS -  
APPLICABLE TO ALL INSURING  
CLAUSES

- 2. THIS BOND DOES NOT DIRECTLY OR INDIRECTLY COVER:
  - a. loss not reported to the COMPANY in writing within 90 days of the date of termination of this Bond as an entirety;
  - b. loss due to riot or civil commotion outside the United States or Canada, or any loss due to military, naval or usurped power, or insurrection. This Section 2.b., however, shall not apply to losses in transit in the circumstances recited in INSURING CLAUSE 11. that when such transit was initiated there was no act of war by any person acting for the ASSURED or such riot, civil commotion, naval or usurped power, war or insurrection;
  - c. loss resulting from the effects of nuclear fission or nuclear fusion;
  - d. loss of potential income including, but not limited to, interest not realized by the ASSURED or by any customer of the ASSURED;
  - e. damages of any type for which the ASSURED is legally liable, including compensatory damages, but not multiples thereof, covered under this Bond;
  - f. costs, fees and expenses incurred by the ASSURED in the existence of or amount of loss under this Bond, except as provided under INSURING CLAUSE 11.;
  - g. loss resulting from indirect or consequential losses;

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CONDITIONS AND  
LIMITATIONS

GENERAL EXCLUSIONS -  
APPLICABLE TO ALL INSURING  
CLAUSES  
(CONTINUED)

- h. loss resulting from dishonest acts by any member of the ASSURED or Board of Trustees of the ASSURED who is not acting in good faith, alone or in collusion with others;
- i. loss, or that part of any loss, resulting solely from the negligence of the ASSURED or by any EMPLOYEE:
  - (1) of any law regulating:
    - a. the issuance, purchase or sale of securities
    - b. securities transactions on the over the counter market
    - c. investment companies,

- d. investment advisors, or
- (2) of any rule or regulation made pu
- j. loss of confidential information, material or dat
- k. loss resulting from voice requests or instruction telephone, provided however, this Section 2.k. sh
- CLAUSE 7. or 9.

SPECIFIC EXCLUSIONS -  
 APPLICABLE TO ALL INSURING  
 CLAUSES EXCEPT INSURING  
 CLAUSE 1.

- 3. THIS BOND DOES NOT DIRECTLY OR INDIRECTLY COVER:
  - a. loss caused by an EMPLOYEE, provided, however, t apply to loss covered under INSURING CLAUSE 2. o directly from misplacement, mysterious unexplain damage or destruction of PROPERTY;
  - b. loss through the surrender of property away from as a result of a threat:
    - (1) to do bodily harm to any natural transit in the custody of any pe ASSURED, provided that when such knowledge by the ASSURED of any that this Section 3.b. shall not
    - (2) to do damage to the premises or
  - c. loss resulting from payments made or withdrawals involving erroneous credits to such account;
  - d. loss involving ITEMS OF DEPOSIT which are not fi provided however, that this Section 3.d. shall n CLAUSE 10.;
  - e. loss of property while in the mail;

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CONDITIONS AND  
 LIMITATIONS

SPECIFIC EXCLUSIONS -  
 APPLICABLE TO ALL INSURING  
 CLAUSES EXCEPT INSURING  
 CLAUSE 1.  
 (CONTINUED)

- f. loss resulting from the failure for any reason o institution, its receiver or other liquidator to PROPERTY to the ASSURED provided further that th apply to loss of PROPERTY resulting directly fro misplacement, mysterious unexplainable disappear destruction or removal from the possession, cust ASSURED.
- g. loss of PROPERTY while in the custody of a TRANS provided however, that this Section 3.g. shall n CLAUSE 3.;
- h. loss resulting from entries or changes made by a authorized access to a COMPUTER SYSTEM who acts instructions, unless such instructions are given contractor or its partner, officer, or employee design, develop, prepare, supply, service, write the ASSURED's COMPUTER SYSTEM; or
- i. loss resulting directly or indirectly from the i

SYSTEM terminal, either on the premises of the c  
or under the control of such a customer, by a cu  
had authorized access to the customer's authenti

SPECIFIC EXCLUSIONS -  
APPLICABLE TO ALL INSURING  
CLAUSES EXCEPT INSURING  
CLAUSES 1., 4., AND 5.

- 4. THIS BOND DOES NOT DIRECTLY OR INDIRECTLY COVER:
  - a. loss resulting from the complete or partial non-  
loan whether such loan was procured in good faith  
fraud or false pretenses; provided, however, this  
to INSURING CLAUSE 8.;
  - b. loss resulting from forgery or any alteration;
  - c. loss involving a counterfeit provided, however,  
apply to INSURING CLAUSE 5. or 6.

LIMIT OF LIABILITY/NON-  
REDUCTION AND NON-  
ACCUMULATION OF LIABILITY

- 5. At all times prior to termination of this Bond, this  
the limit stated in the applicable sections of ITEM 2  
notwithstanding any previous loss for which the COMPA  
liable to pay under this Bond provided, however, that  
under this Bond with respect to all loss resulting fr
  - a. any one act of burglary, robbery or hold-up, or  
EMPLOYEE is concerned or implicated, or
  - b. any one unintentional or negligent act on the p  
resulting in damage to or destruction or mispla
  - c. all acts, other than those specified in a. above

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CONDITIONS AND  
LIMITATIONS

LIMIT OF LIABILITY/NON-  
REDUCTION AND NON-  
ACCUMULATION OF LIABILITY  
(CONTINUED)

- d. any one casualty or event other than those speci  
shall be deemed to be one loss and shall be limited t  
LIABILITY stated in ITEM 2. of the DECLARATIONS of th  
the total amount of such loss or losses and shall not  
from year to year or from period to period.

All acts, as specified in c. above, of any one person

- i. directly or indirectly aid in any way wrongful  
persons, or
- ii. permit the continuation of wrongful acts of any

whether such acts are committed with or without the knowledge of the acts of the person so aided, and whether such acts are done with the intent to aid such other person, shall be deemed wrongful acts of all persons so aided.

DISCOVERY

- 6. This Bond applies only to loss first discovered by an ASSURED during the BOND PERIOD. Discovery occurs at the earliest time the ASSURED being aware of:
  - a. facts which may subsequently result in a loss of or
  - b. an actual or potential claim in which it is alleged to be due to a third party,

regardless of when the act or acts causing or contributing to the loss occurred, even though the amount of loss does not exceed the applicable BOND AMOUNT, or the exact amount or details of loss may not be known.

NOTICE TO COMPANY -  
PROOF - LEGAL PROCEEDINGS  
AGAINST COMPANY

- 7. a. The ASSURED shall give the COMPANY notice thereof at the earliest practicable moment, not to exceed sixty (60) days after the loss, for an amount that is in excess of 50% of the applicable BOND AMOUNT, as stated in ITEM 2. of the DECLARATIONS.
- b. The ASSURED shall furnish to the COMPANY proof of loss with full particulars within six (6) months after the loss.
- c. Securities listed in a proof of loss shall be identified by their CUSIP numbers, if issued with them.
- d. Legal proceedings for the recovery of any loss under this Bond shall be brought prior to the expiration of sixty (60) days after the loss with the COMPANY or after the expiration of twenty (20) days after the discovery of such loss.
- e. This Bond affords coverage only in favor of the ASSURED. Any action or legal proceedings shall be brought under this Bond other than the ASSURED.

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CONDITIONS AND  
LIMITATIONS

NOTICE TO COMPANY -  
PROOF - LEGAL PROCEEDINGS  
AGAINST COMPANY  
(CONTINUED)

- f. Proof of loss involving VOICE INITIATED FUNDS TRADING shall include electronic recordings of such instructions.

DEDUCTIBLE AMOUNT

- 8. The COMPANY shall not be liable under any INSURING CONTRACT on account of loss unless the amount of such loss, after the payment of all reimbursement and/or recovery obtained or made by the ASSURED, exceeds the DEDUCTIBLE AMOUNT.



than from any Bond or policy of insurance issued by a covering such loss, or by the COMPANY on account then the COMPANY of such loss, shall exceed the DEDUCTIBLE ITEM 3. of the DECLARATIONS, and then for such excess for more than the applicable LIMITS OF LIABILITY stat DECLARATIONS.

There shall be no deductible applicable to any loss u sustained by any INVESTMENT COMPANY.

VALUATION

9.

BOOKS OF ACCOUNT OR OTHER RECORDS The value of any l of books of account or other records used by the AS business shall be the amount paid by the ASSURED for or other materials which replace the lost books of plus the cost of labor paid by the ASSURED for the copying of data to reproduce such books of account or

The value of any loss of PROPERTY other than books o used by the ASSURED in the conduct of its business, shall be determined by the average market value of su day immediately preceding discovery of such loss pr value of any PROPERTY replaced by the ASSURED with and prior to the settlement of any claim for such PR market value at the time of replacement.

In the case of a loss of interim certificates, w securities, the production of which is neces subscription, conversion, redemption or deposit pri shall be the market value of such privileges im expiration if said loss is not discovered until afte market price is quoted for such PROPERTY or for such be fixed by agreement between the parties. OTHER PROP

The value of any loss of PROPERTY, other than as s actual cash value or the cost of repairing or repl PROPERTY of like quality and value, whichever is less

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Form 17-02-1421 (Ed. 5-98) Page 15 of 19

CONDITIONS AND  
LIMITATIONS  
(CONTINUED)

SECURITIES SETTLEMENT

10.

In the event of a loss of securities covered un at its sole discretion, purchase replacement sec securities in money, or issue its indemnity to e

The indemnity required from the ASSURED under t all loss, cost or expense arising from the re COMPANY'S indemnity shall be:

- a. for securities having a value less than or equal to the DEDUCTIBLE AMOUNT - one hundred (100%) percent of the value of the securities;
- b. for securities having a value in excess of the DEDUCTIBLE AMOUNT within the applicable LIMIT OF LIABILITY - the DEDUCTIBLE AMOUNT bears to the value of the securities the same proportion as the DEDUCTIBLE AMOUNT bears to the applicable LIMIT OF LIABILITY;
- c. for securities having a value greater than the applicable LIMIT OF LIABILITY - the percentage that the DEDUCTIBLE AMOUNT bears to the applicable LIMIT OF LIABILITY bears to the value of the securities.

The value referred to in Section 10.a., b., and c. shall be the value of the securities under Section 9, VALUATION, regardless of the value of the securities if a loss under the COMPANY'S indemnity is sustained.

The COMPANY is not required to issue its indemnity for securities which is not covered by this Bond; however, the COMPANY shall, as a courtesy to the ASSURED and at its sole discretion, issue its indemnity for such securities.

The ASSURED shall pay the proportion of the Company's indemnity as set forth in Section 10.a. The DEDUCTIBLE AMOUNT and LIMIT OF LIABILITY shall be used as payment of the proportion of the indemnity purchased by the ASSURED to obtain replacement securities.

SUBROGATION - ASSIGNMENT - 11.  
RECOVERY

In the event of a payment under this Bond, the COMPANY shall assign to the ASSURED all of the ASSURED'S rights of recovery against any person or entity in respect of such payment. On request, the ASSURED shall deliver to the COMPANY an assignment of the ASSURED'S rights, title and interest in such recovery against any person or entity to the extent of such recovery.

Recoveries, whether effected by the COMPANY or by the ASSURED, shall be applied net of the expense of such recovery in the following order:

- a. first, to the satisfaction of the ASSURED'S claim, but not in excess of the amount of the claim, after the amount of the claim has been paid but for the fact that it is in satisfaction of the ASSURED'S LIABILITY,
- b. second, to the COMPANY in satisfaction of the ASSURED'S claim, but not in excess of the amount of the claim, after the amount of the claim has been paid but for the fact that it is in satisfaction of the ASSURED'S LIABILITY,
- c. third, to the ASSURED in satisfaction of the ASSURED'S claim, but not in excess of the amount of the claim, after the amount of the claim has been paid but for the fact that it is in satisfaction of the ASSURED'S LIABILITY, and

CONDITIONS AND  
LIMITATIONS

SUBROGATION - ASSIGNMENT -

- d. fourth, to the ASSURED in satisfaction of the ASSURED'S claim, but not in excess of the amount of the claim, after the amount of the claim has been paid but for the fact that it is in satisfaction of the ASSURED'S LIABILITY.

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RECOVERY  
(CONTINUED)

ASSURED which was not covered under this Bond. Recovery from reinsurance or indemnity of the COMPANY recovery under this section.

COOPERATION OF ASSURED

12. At the COMPANY'S request and at reasonable times and at the COMPANY, the ASSURED shall:

- a. submit to examination by the COMPANY and swear under oath,
- b. produce for the COMPANY'S examination all papers and documents,
- c. cooperate with the COMPANY in all matters pertaining to the recovery of the loss.

The ASSURED shall execute all papers and render assistance to the COMPANY the rights and causes of action provided in the Bond. ASSURED shall do nothing after loss to prejudice the recovery or action.

TERMINATION

13. If the Bond is for a sole ASSURED, it shall not be terminated until 60 days shall have been given by the acting party to the acting party to the Securities and Exchange Commission, Washington, D.C., not less than 60 days prior to the effective date of such termination.

If the Bond is for a joint ASSURED, it shall not be terminated until 60 days shall have been given by the acting party to the acting party to the COMPANY to all ASSURED INVESTMENT COMPANIES and to the Securities and Exchange Commission, Washington, D.C., not less than 60 days prior to the effective date of such termination.

This Bond will terminate as to any one ASSURED, or the entire Bond, if the COMPANY:

- a. immediately on the taking over of such ASSURED by a liquidator or by State or Federal officials;
- b. immediately on the filing of a petition under Chapter 11 of the United States Bankruptcy Code relative to bankruptcy or reorganization of the ASSURED for the benefit of creditors of the ASSURED, or
- c. immediately upon such ASSURED ceasing to exist or merging into another entity, disposition of all of the assets of the ASSURED.

The COMPANY shall refund the unearned premium to the ASSURED in accordance with the standard short rate cancellation provisions of the Bond or ASSURED or pro rata if terminated for any other reason.

CONDITIONS AND  
LIMITATIONS

TERMINATION  
(CONTINUED)

If any partner, director, trustee, or officer or s  
ASSURED not acting in collusion with an EMPLOYEE l  
committed by such EMPLOYEE at any time, whether in  
ASSURED or otherwise, whether or not such act is o  
Bond, and whether against the ASSURED or any other  
ASSURED:

- a. shall immediately remove such EMPLOYEE from  
such EMPLOYEE to cause the ASSURED to suffer  
Bond; and
- b. within forty-eight (48) hours of learning th  
any dishonest act, shall notify the COMPANY,  
particulars of such dishonest act.

The COMPANY may terminate coverage as respects any  
days after written notice is received by each ASSU  
and the Securities and Exchange Commission, Washin  
terminate this Bond as to such EMPLOYEE.

OTHER INSURANCE

- 14. Coverage under this Bond shall apply only as exces  
insurance, indemnity or suretyship obtained by or  
  - a. the ASSURED,
  - b. a TRANSPORTATION COMPANY, or
  - c. another entity on whose premises the loss oc  
person causing the loss or engaged the messe  
involved.

CONFORMITY

- 15. If any limitation within this Bond is prohibited b  
construction, such limitation shall be deemed to b  
minimum period of limitation provided by such law.

CHANGE OR MODIFICATION

- 16. This Bond or any instrument amending or affecting  
or modified orally. No change in or modification o  
except when made by written endorsement to this Bo  
representative of the COMPANY.

If this Bond is for a sole ASSURED, no change or m  
adversely affect the rights of the ASSURED shall b  
days after written notice has been furnished to th  
Commission, Washington, D.C., by the acting party.

CONDITIONS AND  
LIMITATIONS

CHANGE OR MODIFICATION  
(CONTINUED)

If this Bond is for a joint ASSURED, no charge or modification which would adversely affect the right shall be effective prior to sixty (60) days after furnished to all insured INVESTMENT COMPANIES and Exchange Commission, Washington, D.C., by the COM

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ENDORSEMENT/RIDER

Effective date of  
this endorsement/rider: May 15, 2007

FEDERAL INSURANCE COMPANY  
Endorsement/Rider No. 1  
To be attached to and  
form a part of Bond No. 81906377

Issued to: FLAHERTY & CRUMRINE / CLAYMORE TOTAL RETURN FUND  
INCORPORATED

DELETING VALUATION-OTHER PROPERTY AND AMENDING CHANGE OR MODIFICATION  
ENDORSEMENT

In consideration of the premium charged, it is agreed that this Bond is amended as follows:

1. The paragraph titled Other Property in Section 9, Valuation, is deleted in its entirety.
2. The third paragraph in Section 16, Change or Modification, is deleted in its entirety and replaced with the following:  
If this Bond is for a joint ASSURED, no change or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured INVESTMENT COMPANIES and the Securities and Exchange Commission, Washington, D.C., by the COMPANY.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage. All other terms, conditions and limitations of this Bond shall remain unchanged.

/S/ ROBERT HAMBURGER  
Authorized Representative

17-02-2437 (12/2006) rev. Page 1

Effective date of  
this endorsement: May 15, 2007

FEDERAL INSURANCE COMPANY  
Endorsement No.: 2

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To be attached to and form a part of Bond  
Number: 81906377

Issued to: FLAHERTY & CRUMRINE / CLAYMORE TOTAL RETURN FUND  
INCORPORATED

COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS RIDER

It is agreed that this insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the coverage provided by this insurance.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: May 14, 2007

/S/ ROBERT HAMBURGER  
Authorized Representative

Form 14-02-9228 (Ed. 4/2004)

FEDERAL INSURANCE COMPANY  
Endorsement No: 3  
Bond Number: 81906377

NAME OF ASSURED: FLAHERTY & CRUMRINE / CLAYMORE TOTAL RETURN FUND  
INCORPORATED

PREMIUM ENDORSEMENT

It is agreed that:

1. The premium for this Bond for the period May 15, 2007 to May 15, 2008 is:

Premium: Two Thousand Four Hundred Forty-Eight Dollars (\$2,448.00)

2. It is further agreed that this premium is subject to change during this period if amendments are made to this Bond at the request of the ASSURED.

This Endorsement applies to loss discovered after 12:01 a.m. on May 15, 2007.  
ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: May 14, 2007

/S/ ROBERT HAMBURGER  
Authorized Representative

ICAP Bond

Form 17-02-0735 (Rev. 1-97)

IMPORTANT POLICYHOLDER INFORMATION

Inquiries concerning your policy should be directed to your insurance agent. The name, address and telephone number of your agent, if one is involved, is shown on the policy and/or in the material accompanying the policy. If you require additional information you may contact the California Insurance Department at

either the following address or phone number:

California Insurance Department  
300 South Spring Street  
Los Angeles, CA 90012  
1-800-927-HELP

Form 14-02-1495 (Ed. 1/94)

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IMPORTANT NOTICE

The premium shown on this policy or premium statement may be subject to adjustment in accordance with the provisions of California law recently adopted by ballot initiative. You will be informed about any adjustment as soon as the requirements of the law and their effect on your premium can be determined.

Form 99-10-0267 (Ed. 2/98)

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CHUBB & SON, DIV. OF FEDERAL INSURANCE COMPANY  
AS MANAGER OF THE MEMBER INSURERS OF THE  
CHUBB GROUP OF INSURANCE COMPANIES

POLICYHOLDER  
DISCLOSURE NOTICE OF

TERRORISM INSURANCE COVERAGE  
(FOR POLICIES WITH NO TERRORISM EXCLUSION OR SUBLIMIT)

You are hereby notified that, under the Terrorism Risk Insurance Act of 2002 (the "Act") effective November 26, 2002, this policy makes available to you insurance for losses arising out of certain acts of international terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 90% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage. The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: \$ -0-.

If you have any questions about this notice, please contact your agent or broker.

Form 10-02-1281 (Ed. 1/2003)

IMPORTANT NOTICE:

THE SEC REQUIRES PROOF OF YOUR FIDELITY INSURANCE POLICY

Your company is now required to file an electronic copy of your fidelity insurance coverage (Chubb's ICAP Bond policy) to the Securities and Exchange Commission (SEC), according to rules adopted by the SEC on June 12, 2006.

Chubb is in the process of providing your agent/broker with an electronic copy of your insurance policy as well as instructions on how to submit this proof of fidelity insurance coverage to the SEC. You can expect to receive this information from your agent/broker shortly.

The electronic copy of your policy is provided by Chubb solely as a convenience and does not affect the terms and conditions of coverage as set forth in the paper policy you receive by mail. The terms and conditions of the policy mailed to you, which are the same as those set forth in the electronic copy, constitute the entire agreement between your company and Chubb.

If you have any questions, please contact your agent or broker.

Form 14-02-12160 (ed. 7/2006)

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THE FOLLOWING RESOLUTIONS WERE ADOPTED AT THE APRIL 20, 2007 MEETING OF THE BOARD OF DIRECTORS OF FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED AT WHICH A MAJORITY OF DIRECTORS WHO ARE NOT "INTERESTED PERSONS" APPROVED THE CURRENT BOND FOR THE PERIOD FROM MAY 15, 2007 TO MAY 15, 2008:

RESOLVED: That the renewal of the fidelity bond coverage for the period from May 15, 2007 to May 15, 2008, which provides coverage in the aggregate amount of \$750,000, is hereby approved; and further

RESOLVED: That it is the finding of the Directors at this Meeting that the fidelity bond (the "Bond") issued through Chubb Group of Insurance Companies in the amount of \$750,000 covering officers and employees of the Fund, in accordance with the requirements of Rule 17g-1 under the Investment Company Act of 1940, as amended (the "1940 Act"), is reasonable in form and amount, after having given due consideration to, among other things, the value of the aggregate assets of the Fund to which any person covered under the Bond may have access, the custody and safekeeping of the assets of the Fund's portfolio, and the nature of the securities in the Fund's portfolio; and further

RESOLVED: That the premium in the amount of \$2,448 paid by the Fund under the Bond is hereby authorized; and further

RESOLVED: That the appropriate officers of the Fund are hereby authorized and directed to take such other action as may from time to time be



necessary or appropriate in order to conform to the provisions of the 1940 Act and the rules and regulations under that Act; and further

RESOLVED:

That the Secretary or Assistant Secretary of the Fund shall make such filings concerning the Bond with the Securities and Exchange Commission ("SEC") and give such notices as required under paragraph (g) of Rule 17g-1 promulgated by the SEC under the 1940 Act.