

## GENERAL INFORMATION

- A. Name of Applicant \_\_\_\_\_
- B. Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_
- C. State of Incorporation: \_\_\_\_\_ Date of Incorporation: \_\_\_\_\_ SIC Code: \_\_\_\_\_
- D. Website Address: \_\_\_\_\_

## COMPANY INFORMATION

PLEASE PROVIDE THE FOLLOWING INFORMATION:

- Please provide a copy of the most recently audited Financial Statements.
  - If "Yes" to any part of questions 1 or 2 please describe details in an attachment.
1. Has the Applicant or any of its Subsidiaries become involved in any new franchise agreements, joint ventures, general or limited partnerships in the past twelve (12) months?    Yes    No
  2. Has the Applicant in the past twelve (12) months contemplated, completed or agreed to, or does it contemplate during the next twelve (12) months, any of the following, whether or not such transactions were or will be completed:
    - A. Reorganization or arrangement with creditors under federal or state law?    Yes    No
    - B. Branch, location, facility, office, or subsidiary closings, consolidations or layoffs?    Yes    No
    - C. Mergers, acquisitions or divestitures?    Yes    No
    - D. Registration for a public or private offering of securities?    Yes    No
  3. Please list all new subsidiaries acquired or created in the past twelve (12) months:

Name	Nature of Business	Percentage Owned	State/Country

## CRIME COVERAGE

1. Has the Applicant experienced any of the following losses in the past six (6) years or if in business less than six (6) years, since the date of formation (whether insured or not):
  - Employee Theft?    Yes    No
  - Forgery or Alteration?    Yes    No
  - Theft of Money and Securities (Inside/Outside)?    Yes    No
  - Any Other Crime or Fidelity related losses?    Yes    No

*(If "Yes" to any of the above please attach complete details.)*
2. Applicant's total number of locations?
 

State \_\_\_\_\_ Country \_\_\_\_\_ Number of Locations \_\_\_\_\_

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State \_\_\_\_\_ Country \_\_\_\_\_ Number of Locations \_\_\_\_\_
3. Applicant's total number of employees? \_\_\_\_\_
4. U.S.: \_\_\_\_\_ Canadian: \_\_\_\_\_ Foreign: \_\_\_\_\_
5. Is there a CPA letter to management relating to internal control weaknesses?    Yes    No  
*(If "Yes" please provide a copy of the letter.)*

7. Is there an internal audit department?    Yes    No  
 A. Are all locations audited by the internal audit staff?    Yes    No  
*(If "No", please explain.)*

- B. How often? \_\_\_\_\_
8. How often and by whom are audits of cash and accounts performed? \_\_\_\_\_
9. How often and what method(s) are used for inventory counts? \_\_\_\_\_
10. Is there an internal audit department?    Yes    No  
 A. Are all locations audited by the internal audit staff?    Yes    No  
*(If "No", please explain.)*

B. How often? \_\_\_\_\_

**INTERNAL CONTROLS**

1. Of the total employees listed above, how many employees handle, have access to or maintain records of money, securities or other property including, but not limited to, directors, officers, trustees and any person handling or having access to employee welfare or benefit plan assets? \_\_\_\_\_
2. Does the Applicant have cash exposures that exceed the lowest deductible amount of the current Crime/Fidelity policy?  
 Yes    No *(If "Yes", please provide the total amount of cash exposure.)*
3. Does the Applicant have precious metals, precious or semi-precious stones, pearls, furs, or articles containing such materials exposure that exceed the lowest deductible amount of the current Crime/Fidelity policy?  
 Yes    No *(If "Yes", please complete the Precious Metals Questionnaire.)*
4. Are corporate credit, debit, charge or purchasing cards used?  
 A. Number of cards: \_\_\_\_\_  
 B. Maximum limit allowed under card: \_\_\_\_\_  
 C. Controls in place for preventing and identifying unauthorized transactions: \_\_\_\_\_

**CLIENT SERVICES**

1. Does the Applicant have access to client's funds/property (including money, securities, inventory, high value property, banking systems, wire transfer systems, computer systems & sensitive data, etc.)?    Yes    No
2. What type of property and dollar amount of value: \_\_\_\_\_
3. Number of employees who will be performing work for your client(s): \_\_\_\_\_
4. Total number of clients: \_\_\_\_\_

**SEGREGATION OF DUTIES**

1. 1. Are all checks countersigned?    Yes    No  
 A. Over what amount is a dual signature required? \$ \_\_\_\_\_  
 B. If there is no countersignature, who signs the Applicant's checks? \_\_\_\_\_
2. Are checks signed only by the owner(s) of the company?    Yes    No
3. Is an approved voucher or Positive Pay system used?    Yes    No
4. Are systems designed so that no employee can control a process from beginning to end (i.e. request a check, approve a voucher and sign a check)?    Yes    No

5. Are bank accounts reconciled on a monthly basis?      Yes      No  
 A. If not, how often? \_\_\_\_\_  
 B. Are those who reconcile bank statements prohibited from:  
 C. Handling deposits in the accounts they reconcile?      Yes      No  
 D. Signing checks? \_\_\_\_\_
6. Does a second person review the reconciliation with supporting documentation on a monthly basis and initial their approval of the information?      Yes      No
7. How often and by whom are audits of cash and accounts performed? \_\_\_\_\_
8. How often and what method(s) are used for inventory counts? \_\_\_\_\_
9. Is there an internal audit department?      Yes      No  
 A. Are all locations audited by the internal audit staff?      Yes      No (If "No", please explain.)

B. How often? \_\_\_\_\_

**EMPLOYEES**

1. Are background checks performed on all new hires? Check all that apply:  
 Criminal      Prior Employment      Credit History      References      Drug Testing
2. Are mid-employment screenings performed when employees are promoted to sensitive positions?      Yes      No
3. Are an employee's building access card denied immediately upon termination and are all procurement, credit cards, etc. canceled?  
 Yes      No
4. Are newly hired employees provided with a copy of the organization's fraud policy identifying and explaining conflicts of interest and other prohibited behavior?      Yes      No
5. Are employees required to complete Conflicts of Interest Disclosure forms annually?      Yes      No
6. Is there a system in place that allows for the reporting of suspicious activity and/or unauthorized transactions confidentially?  
 Yes      No  
 If "Yes", describe the procedure for investigating these reports:

**VENDORS**

1. Are background checks performed on vendors in order to determine ownership and financial capability prior to doing business with them and is there dual control over this process so one employee cannot set up a fictitious vendor in the system without being detected?  
 Yes      No
2. Is an authorized vendor list utilized and updated annually for all purchases, with competitive bidding required over stated amounts?  
 Yes      No
3. Are vendors provided with the Applicant's Statement of Conflict of Interest and Gift Policy (prohibiting gifts of any significant value)?  
 Yes      No

**COMPUTER AND WIRE TRANSFER**

1. What is the daily average number and dollar volume of wire transfers? \_\_\_\_\_
2. What is the maximum dollar volume that may be transferred per day? \_\_\_\_\_
3. Is approval by more than one person required to initiate a wire transfer?      Yes      No
4. Does the Applicant's financial institution call an employee other than the one who requested the transfer before acting on the request?  
 Yes      No

5. Does the Applicant receive hard copy confirmations on all wire transfers and are they sent directly to a department not authorized to initiate transfers?      Yes      No
6. Are computer system access codes and passwords changed at least every 60 days?      Yes      No
7. Do any non-employees have access to the computer systems?      Yes      No  
(If Yes, please explain, for example some workers through outsourcing companies have access to computer systems.)

**WELFARE AND RETIREMENT PLANS**

1. Does the Applicant sponsor any employee welfare or retirement plan(s) for its employees?      Yes      No
2. List all sponsored employee welfare or retirement plan(s) that are required to be bonded by ERISA. (Please provide an attachment.)
3. List all entities to be included as joint insureds: (Please provide an attachment.)
  - A. Are all entities listed owned, controlled or operated by the first named insured?      Yes      No
  - B. Does the information in this application and any attachments include information for all joint insureds to be covered?  
Yes      No
  - C. If not, provide details for each listed entity by separate attachment.

**LOSS EXPERIENCE**

Date of Loss	Description of Loss (Include controls that were circumvented, controls that were missing and steps taken to remediate causes of the loss.)	Total Amount Of Loss	Please indicate whether or not the loss was covered under another insurance policy and include the carrier's name.

**FRAUD WARNING**

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which may be a crime and may subject the person to criminal penalties.

**Alabama, Arkansas, Louisiana, New Jersey, New Mexico, Rhode Island, Virginia and West Virginia:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime. In Alabama, Arkansas, Louisiana, Rhode Island and West Virginia that person may be subject to fines, imprisonment or both. In New Mexico, that person may be subject to civil fines and criminal penalties. In Virginia, penalties may include imprisonment, fines and denial of insurance benefits.

**Colorado:** It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

**District of Columbia, Kentucky and Pennsylvania:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. In District of Columbia, penalties include imprisonment and/or fines. In addition, the insurer may deny insurance benefits if the applicant provides false information materially related to a claim. In Pennsylvania, the person may also be subject to criminal and civil penalties.

**Florida and Oklahoma:** Any person who knowingly and with intent to injure, defraud or deceive the insurer, files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony. In Florida, it is a felony to the third degree.

**Kansas:** An act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for personal or commercial insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto is considered a crime.

**Maine:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.

**Maryland:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Ohio:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against the insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**Oregon:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

**Tennessee and Washington:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines and/or denial of insurance benefits.

This application must be signed by the Chairman of the Board, Chief Executive Officer or the President of the company acting as the authorized representative of the persons and entities proposed for this insurance

Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Agency Name: \_\_\_\_\_ License #: \_\_\_\_\_

Agency Mailing Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ ZIP: \_\_\_\_\_

### Declarations and Signatures

The signatory, as authorized agent of all individuals and entities proposed for this insurance, represents that, to the best of his/her knowledge and belief, after reasonable inquiry, the statements in this application and any attachments or information submitted with this application (together referred to as the "application") are true and complete.

The information in this application is material to the risk accepted by the underwriter. If a policy is issued, it will be in reliance by the underwriter upon the application, and the application will be the basis of the contract.

The information contained in and submitted with this application is on file with the underwriter and, along with the application, will be considered physically attached to, part of, and incorporated into the policy, if issued.

The underwriter is authorized to make any inquiry in connection with this application. The underwriter's acceptance of this application or the making of any subsequent inquiry does not bind the applicant or the underwriter to complete the insurance or issue a policy.

The information provided in this application is for underwriting purposes only and does not constitute notice to the underwriter under any policy of a claim or potential claim.

If the information in this application materially changes prior to the effective date of the policy, the applicant will immediately notify the underwriter, and the underwriter may modify or withdraw any quotation or agreement to bind insurance.