

CRIME INSURANCE APPLICATION



I. GENERAL INFORMATION

1. Name of Applicant: _____
2. Address: _____ City: _____ State: _____ Zip Code: _____
3. State of Incorporation: _____ Date of Incorporation: _____ SIC Code: _____
4. Website Address: _____
5. Description of Predominant Business Activity: _____

II. COMPANY INFORMATION

PLEASE PROVIDE THE FOLLOWING INFORMATION:

- Please provide a copy of the most recent audited Financial Statements.
- If "Yes" to any part of questions 1 or 2, please describe details in an attachment.

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|--|-----|----|
| 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 any of the following in the next twelve (12) months: | | |
| 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. Were there any new Subsidiaries acquired or created in the past twelve (12) months?
(If "Yes", please list all Subsidiaries via separate attachment) | Yes | No |
| 4. Please complete: | | |

List Countries in which you have operations	Number of Employees	Number of Locations	Revenues
TOTAL:			

III. HUMAN RESOURCES AND PAYROLL CONTROLS

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|--|-----|----|
| 1. Are management policies and controls in place to prevent persons who approve new hires from adding them to the payroll? | Yes | No |
| 2. Are additions or changes to payroll for new or existing employees automatically reported to a Human Resources manager (or equivalent person) for verification? | Yes | No |
| 3. Are managers periodically provided with names and salaries of all employees assigned to them for verification? | Yes | No |
| 4. Do you have a program relating to periodic job shifts or job rotations? | Yes | No |
| 5. 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 |

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|--|-----|----|
| 6. Is there a system in place that allows for the reporting of suspicious activity and/or unauthorized transactions confidentially? | Yes | No |
| a. If "Yes", describe the method of reporting (e.g. email, online form, telephone hotline, etc.) and the procedures for investigating these reports. | | |

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|--|--|--|
| 7. Are background checks performed on all new hires? Check all that apply | | |
| Criminal Prior Employment Credit History References Drug Testing | | |

IV. AUDIT PROCEDURES:

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|--|-----|----|
| 1. Is there an annual audit conducted by an independent CPA? | Yes | No |
| a. Are all subsidiaries and locations included in the audit? | Yes | No |
| b. Were any material weaknesses or significant deficiencies in internal controls identified by the auditor during the current or prior year? | Yes | No |
| c. Have all recommendations made by the accountant been implemented? | Yes | No |
| 2. Is there an internal audit department? | Yes | No |
| 3. Are all locations audited by the internal audit staff? | Yes | No |
| a. How often? _____ | | |
| 4. Are surprise audits conducted? | Yes | No |

V. INTERNAL CONTROLS

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|--|-----|----|
| 1. Are banks accounts reconciled at least monthly? | Yes | No |
| 2. Are bank accounts reconciled by someone not authorized to make deposits, make withdrawals, or sign checks? | Yes | No |
| a. Is countersignature of checks required? | Yes | No |
| b. If "Yes", above what amount? \$ _____ | | |
| c. If there is no countersignature, who signs the Applicants checks? _____ | | |
| d. Are check signed only by owners of the company? | Yes | No |
| e. Is Positive Pay system utilized? | Yes | No |
| 3. Are systems designed so that no one employee can control a process from beginning to end (i.e. approve a voucher, request, and sign a check)? | Yes | No |
| 4. Prior to issuing any payment, are all invoices verified against a corresponding purchase order, receiving report and authorized vendor list? | Yes | No |
| 5. Are purchasing, purchase order approval, and payment authorization duties segregated? | Yes | No |
| 6. Are all shipping and receiving activities reconciled to applicable sale or purchase activities? | Yes | No |
| 7. Is perpetual inventory maintained for stock (including raw materials and manufactured components), equipment, finished goods and scrap? | Yes | No |
| 8. Is physical inventory count conducted at least annually and reconciled with the perpetual inventory system? | Yes | No |

VI. VENDOR CONTROLS

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|---|-----|----|
| 1. Is an authorized vendor list utilized and updated annually? | Yes | No |
| 2. Are procedures in place to verify the existence and ownership of new vendors prior to adding them to the authorized vendor list? | Yes | No |
| 3. Is verification of vendors conducted by someone who does not have authority to add vendors to the authorized vendor list? | Yes | No |
| 4. Does the purchasing system automatically produce exception reports to notify management and/or internal auditing of potential fraudulent transactions or trends? | Yes | No |
| 5. Is competitive bidding required for all purchases above stated amounts? | Yes | No |

VII. COMPUTER AND FUNDS TRANSFER CONTROLS

1. What is the daily average number and dollar amount of wire transfers? \$ _____
2. Is there segregation of duties between those who can initiate and approve a wire transfer so that no one individual can control the entire process? Yes No
3. Are wire transfers reconciled daily by someone who does not approve or transmit wire transfers? Yes No
4. Are passwords and access codes changed at regular intervals and when users are terminated? Yes No
6. Are your systems programmed to detect and call to your attention unusual account activity? Yes No
7. Do any non-employees have access to your computer systems? Yes No
 - a. If "Yes", please explain _____

VIII. FRAUDULENT IMPERSONATION CONTROLS

1. Is anti-fraud training provided for all employees that are responsible for payments or electronic funds transfers and does such training include detection of social engineering, phishing, business email compromise, and other types of scams? Yes No
2. Is authority to initiate electronic funds transfers documented in writing by you and limited to specific employees within specific dollar thresholds? Yes No
3. Do you confirm all changes requested by vendors or clients (including changes to bank account information, wire transfer information, invoices, contact information) by a direct call using only a contact number provided by the vendor or client before the request was received? Yes No
4. Do you have procedures in place requiring that any internal payment request or electronic funds transfer request originating from an employee, manager, executive, or business owner must be:
 - a. Accompanied by an approved and valid vendor invoice or customer refund? Yes No
 - b. Verified by calling back the requestor using only a predetermined contact number before the request was received? Yes No
5. Do payments or electronic funds transfer requests require dual authorization over a certain amount before being acted upon? Yes No
 - a. If "Yes", what is that amount? _____

IX. LOSS EXPERIENCE

Please list all Crime losses discovered or sustained by the Applicant in the last 5 years: (check if none)

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

FRAUD STATEMENTS

Applicable To All Jurisdictions Other Than Those Shown Below

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 and may be subject to fines and confinement in prison.

Alabama

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines or confinement in prison, or any combination thereof.

California

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

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

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Florida

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

Hawaii

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

Kansas

Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means 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 or insurance agent or broker, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any material fact thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

Kentucky

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any 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.

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 a 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 who 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.

New Jersey

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New Mexico

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 AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

New York

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 any 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, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Ohio

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

Oklahoma

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon

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

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

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 any 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 and subjects such person to criminal and civil penalties.

Puerto Rico

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

Tennessee

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

Vermont

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.

Virginia

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

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 include imprisonment, fines and 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 Code: _____

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 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.