

# COMMERCIAL CRIME INSURANCE APPLICATION

I. GENERAL INFORMATION			
Name Of Insured (Applicant):			
Applicant's Predominant Activity:			
<input type="checkbox"/> Manufacturer	<input type="checkbox"/> Processor	<input type="checkbox"/> Wholesaler	<input type="checkbox"/> Distributor
<input type="checkbox"/> Retailer	<input type="checkbox"/> Servicer	<input type="checkbox"/> Construction	
<input type="checkbox"/> Other (specify):			
Please describe the products or services of Applicant's predominant activity:			
Applicant's Mailing Address:			
Street:			
City:	State:	Zip Code:	
Applicant's Web Site Address:			
Date Applicant Was Established:			
Applicant's Latest Fiscal Year-end Revenues:		\$	
Applicant's Latest Fiscal Year-end Net Profit/Loss:		\$	
Policy Period Requested:			
12:01 AM on:		to 12:01 AM on:	
List all entities to be covered as Joint Insureds (including Employee Benefit Plans subject to ERISA):			
Check if none. <input type="checkbox"/>			
(If necessary, attach separate sheet.)			
II. COVERAGE REQUESTED			
Complete the following for Insuring Agreements, Limits and Deductibles desired:			
	<b>Insuring Agreements</b>	<b>Limit Of Insurance</b>	<b>Deductible Amount</b>
1.	Fidelity		
	a. Employee Theft	\$	\$
	b. ERISA Plan Official Dishonesty	\$	N/A
	c. Employee Theft Of Clients' Property	\$	\$
2.	Forgery Or Alteration		
	a. Forgery Of Negotiable Instruments	\$	\$
	b. Forgery Of Payment Card Instruments	\$	N/A

3. Inside The Premises – Theft Of Money And Securities	\$	\$
4. Inside The Premises – Robbery Or Safe Burglary Of Other Property	\$	\$
5. Outside The Premises	\$	\$
6. Computer And Funds Transfer Fraud	\$	\$
7. Fraudulent Impersonation	\$	\$
8. Money Orders And Counterfeit Money	\$	\$

**III. EMPLOYEES, ERISA PLAN OFFICIALS, PREMISES AND CARD HOLDERS**

Show the number of: Number of

- A. Employees consisting of:**
1. Employees located in the United States of America (including its territories and possessions) and Puerto Rico:
    - a. Officers (whether or not compensated):
    - b. Full- and part-time (including seasonal) employees who handle, have custody or maintain records of money, securities or other property:
    - c. All other employees not included above:
  2. Employees located in foreign countries:
    - a. Officers (whether or not compensated):
    - b. Full- and part-time (including seasonal) employees who handle, have custody or maintain records of money, securities or other property:
    - c. All other employees not included above:
  3. **Total** (Items 1. and 2. above):

- B. ERISA Plan Officials (other than independent contractors) consisting of:**
1. Natural person administrators:
  2. Natural person fiduciaries:
  3. Directors, trustees, managers or employees who handle funds or other property of ERISA plans:
  4. **Total** (Items 1. – 3. above):

- C. Premises (other than the head office):**
1. Located in the United States of America (including its territories and possessions) and Puerto Rico:
  2. Located in foreign countries:
  3. **Total** (Items 1. and 2. above):

- D. Credit, debit or charge card holders:**

**IV. UNDERWRITING**

**Note: For any question answered with "No", attach separate sheet to explain.**

- A. Audit Procedures**
1. Is there an annual audit conducted by an independent CPA? Yes  No   
 If "Yes":
    - a. Is it a complete audit made in accordance with generally accepted auditing standards and so certified? Yes  No
    - b. Are all locations and subsidiaries included in the audit? Yes  No

2. Is there a CPA Management Letter and response by management on internal control weaknesses or recommendations for improvement? Yes  No
- If "Yes":
- a. Please attach the Management Letter and response.
- b. Have all recommendations made by the accountant been implemented? Yes  No
3. Is there an Internal Audit Department that is responsible for the review of all business operations? Yes  No
- If "Yes", how many employees are in the Internal Audit Department:
4. If weaknesses are discovered by the internal auditor, are they reported directly to the owner, partners, members (if LLC), Board of Directors or equivalent? Yes  No

**B. Internal Controls**

1. Are the same internal controls and informational systems consistent among all domestic and foreign locations? Yes  No
2. Are internal controls designed so that no employee can control any transaction from beginning to end (for example, approve a voucher, request and sign a check)? Yes  No
3. Does the Applicant outsource certain services (such as Human Resources, payroll or bill payment, etc.)? Yes  No
- If "Yes", does the Applicant require or have knowledge that the vendors are bonded or carry crime insurance covering theft of clients' property? Yes  No

**Human Resources And Payroll**

4. Is pre-employment screening performed on all prospective employees both domestically and internationally? Yes  No
5. Are controls in place to prevent persons who approve new hires from adding them to the payroll? Yes  No
6. Are additions or changes to the payroll system for new or existing employees automatically reported to a Human Resources manager (or equivalent person) for verification? Yes  No
7. Does the Audit Department have a program in place to detect possible ghost employees? Yes  No

**Bank Accounts**

8. Are bank accounts reconciled at least monthly? Yes  No
9. Are bank accounts reconciled by someone not authorized to make deposits, make withdrawals or sign checks? Yes  No

**Incoming Checks And Cash**

10. Are all incoming checks stamped "For Deposit Only" upon receipt? Yes  No
11. Are all checks and cash received deposited at least daily? Yes  No

12. Does the Applicant accept virtual currency in payment for goods or services? Yes  No   
 If "Yes", of all payments received for goods and services, what percentage involves virtual currency transactions? %  
 Please identify the virtual currency(ies):

**Accounts Payable**

13. Is countersignature of checks required? Yes  No   
 If "Yes", above what amount? \$
14. Is a Positive Pay system utilized? Yes  No
15. Are check authorization and check issuance functions separate from one another? Yes  No
16. Are disbursement functions separated from those who have cash receipt or cash refund duties? Yes  No

**Accounts Receivable**

17. Are at least 20% of accounts receivable periodically verified by contact with the customer? Yes  No

**Purchasing, Shipping And Receiving**

18. Are purchasing, purchase order approval and payment authorization duties segregated? Yes  No
19. Are all shipping and receiving activities reconciled to applicable sale or purchase activities? Yes  No
20. Does any employee have access to both the purchasing system and the accounts payable system? Yes  No
21. Does the Applicant have a program in place to detect payment to fictitious suppliers? Yes  No

**C. Inventory Controls**

1. Are all inventory controls and procedures consistent among all domestic and foreign locations? Yes  No
2. Is a perpetual inventory maintained for stock (including raw materials and manufactured components), equipment, finished goods and scrap? Yes  No
3. Is a physical inventory count conducted at least annually and reconciled with the perpetual inventory system? Yes  No   
 If "Yes":
- a. Is the reconciliation performed by persons not associated with the control of the inventory? Yes  No
- b. Are inventory variances outside established parameters reported to auditing? Yes  No

4. Does the Applicant maintain an inventory of precious metals, gemstones or other high value materials used in the manufacturing or processing of goods? Yes  No   
If "Yes", please describe the security controls in place to protect this property:

**D. Vendor Controls**

1. Is an authorized vendor list utilized and updated annually? Yes  No
2. Are background checks performed on vendors in order to determine ownership and financial capability? Yes  No
3. Is competitive bidding required for all purchases above stated amounts? Yes  No
4. Is the responsibility for authorizing vendors, approving invoices and processing payments segregated among different employees? Yes  No
5. Are requisitions and purchase orders issued only after the approval of specified employees within specified limits? Yes  No

**E. Client Services Controls (Complete for Employee Theft Of Clients' Property Coverage)**

1. Does the Applicant have custody or control over any funds, accounts (such as escrow or trust) or property of clients? Yes  No   
If "Yes", please explain:
2. Does the Applicant have access to clients' financial systems (such as accounting, payroll or purchasing) or perform bill payment services? Yes  No   
If "Yes", please describe the nature of such access:
3. Does the Applicant perform any services for clients on the clients' premises? Yes  No   
If "Yes", please describe the services being provided:
4. Does the Applicant perform any services for clients off the clients' premises? Yes  No   
If "Yes", please describe the services being provided:

5. Do any clients require the Applicant to be bonded or carry crime insurance? Yes  No   
 If "Yes", please explain and specify the amount required:

**F. Computer And Funds Transfer Controls** (Complete for Computer And Funds Transfer Fraud Coverage)

1. Are wire transfer controls and procedures consistent among all domestic and foreign locations? Yes  No
2. Are there controls in place so that employees cannot gain access to programs and files for which they have not been granted authorized access? Yes  No
3. Are passwords and access codes changed at regular intervals and at separation of employment? Yes  No
4. Is the computer system supported by intrusion detection software? Yes  No
5. Is the authority to initiate and approve wire transfers separated between employees? Yes  No
6. Are wire transfers reconciled daily by an employee not involved in approving or initiating the wire transfer? Yes  No
7. Have approval authorities been established in writing and are they up to date? Yes  No
8. What is the average daily dollar volume of electronic funds transfers?  
 \$

**G. Fraudulent Impersonation Controls** (Complete for Fraudulent Impersonation Coverage)

**Clients**

1. Does the Applicant have procedures in place to verify new clients prior to initiating any financial transactions with them? Yes  No   
 If "Yes", check all that apply:
- a. Credit/background check, including D&B Report or similar report Yes  No
- b. Bank account information Yes  No
- c. Confirmation of physical location Yes  No
- d. Other (specify): Yes  No
2. Does the Applicant accept prepayment by clients for goods or services to be delivered or performed at a later date? Yes  No
3. Does the Applicant have a procedure in place to verify incoming checks with the issuing financial institution to confirm availability of funds prior to delivering goods or performing services or transferring funds by wire? Yes  No

4. (Note: Complete this question if Item **E.1.** has not been answered.)  
Does the Applicant have custody or control over any funds or accounts of any client including, but not limited to, escrow or trust accounts? Yes  No   
If "Yes", please explain:

5. (Note: Complete this question if Item **E.2.** has not been answered.)  
Does the Applicant have access to clients' financial systems (such as accounting, payroll or purchasing) or perform bill payment services? Yes  No   
If "Yes", please explain:

6. For client-initiated payments, funds transfer instructions, requests to change bank account information or wire transfer information, please indicate the method(s) of communication by which such instructions or requests are received by the Applicant (such as telephone, email, text message, instant message, telefacsimile, in writing, etc.):

7. With regard to Item **6.** above, does the Applicant verify such payments, funds transfer instructions, changes in bank account information or changes in wire transfer information by direct call to the client or other prearranged procedure (excluding email) established with the client before acting upon such payment or request? Yes  No   
If "Yes", please answer the following:

a. Is a callback or other verification attempt performed by an employee other than the employee who received the funds transfer instruction or request to change bank account information or wire transfer information? Yes  No

b. Are funds transfer instructions and other such change requests verified by the Applicant with someone other than the person who initiated the funds transfer instruction or change request? Yes  No

c. Is a contemporaneous record made of the verification attempt? Yes  No

d. Does the Applicant refrain from making any funds transfer or change to bank account or wire transfer information until the client has had the opportunity to respond to the Applicant's inquiry regarding the validity of the funds transfer instruction or change in bank account or wire transfer information? Yes  No

8. Does the Applicant require that all funds transfer instructions and changes to bank account or wire transfer information be approved by a supervisor of the person who received such instruction or change request before it is acted upon?

Yes  No

**Vendors**

9. Is all vendor bank information verified by a direct call to the receiving bank prior to the account being established in the Applicant's accounts payable system?

Yes  No

10. Are there procedures in place to verify invoices and other payment requests received from the vendor prior to making payment?

Yes  No

11. Does the Applicant verify all funds transfer instructions and changes requested by vendors (including changes to bank account information, wire transfer information, invoice charges, telephone and other contact information) by direct call to the vendor or other prearranged procedure (excluding email) established with the vendor before such funds transfer instruction or change request was received?

Yes  No

If "Yes", please answer the following:

- a. Is the verification attempt performed by an employee other than the employee who received the change request or instructions to transfer funds?
- b. Is a contemporaneous record made of the verification attempt?
- c. Does the Applicant require that all such change requests or instructions to transfer funds be approved by a supervisor of the employee who received the change or funds transfer request before it is acted upon?

Yes  No

Yes  No

Yes  No

**Internal Payment And Funds Transfer Requests**

12. Does the Applicant maintain a list of authorized persons (including officers, employees, ERISA plan officials, partners, members, directors or trustees) who are authorized to initiate internal payment requests or funds transfer requests?

Yes  No

If "Yes", please answer the following:

- a. Does the Applicant have procedures in place to verify the authenticity of any such payment request or funds transfer request?

Yes  No

If "Yes", please describe these procedures:

- b. Does the Applicant require that any internal payment or funds transfer request made by an officer or employee be approved by a supervisor of the person who received such request before it is acted upon?

Yes  No

- c. Are all such procedures established and consistently applied across the entire entity?

Yes  No

13. Do payment requests or funds transfer requests require dual authorization over a certain amount before being acted upon? Yes  No   
If "Yes", what is that amount? \$

**V. CHANGE IN MANAGEMENT**

Has there been any change in ownership or management within the past three years? Yes  No   
If "Yes", please explain:

**VI. LOSS HISTORY**

Has the Applicant, or other entity to be included as a Joint Insured, sustained any Crime- or Fidelity-related losses during the past three years? Yes  No   
If "Yes", list below all losses that exceed the applicable Deductible Amount shown in Section II. Coverage Requested (attach separate sheet, if necessary):

Date Of Loss:  
Type Of Loss:  
Amount Of Loss: \$  
Amount Paid By Insurance: \$  
Describe corrective action taken to prevent similar losses in the future:

Date Of Loss:  
Type Of Loss:  
Amount Of Loss: \$  
Amount Paid By Insurance: \$  
Describe corrective action taken to prevent similar losses in the future:

Date Of Loss:  
Type Of Loss:  
Amount Of Loss: \$  
Amount Paid By Insurance: \$  
Describe corrective action taken to prevent similar losses in the future:

## **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.

**Person Authorized To Complete This Application For The Insured (Applicant):**

Name (Print):

Signature:

Title:

Date:

**Producer Information:**

Name (Print):

Signature:

Agency Name:

Agency Code:

License Number: