

Commercial Crime Insurance Application

For Mercantile and Commercial Entities

Application is hereby made by the entity(ies) named below for the coverage(s) indicated. Completion of this application does not bind coverage.

Applicant Name(s)

(Please attach a list of all Named Insureds, including any Employee Benefit Plans)

Principal Address City State Zip

Website Years in Business FEIN

Requested Policy Effective Date To

1. Coverage Requested

Insuring Agreement	Limit of Insurance (Per Occurrence)	Deductible (Per Occurrence)
Employee Dishonesty		
Forgery or Alteration		
Inside the Premises		
Outside the Premises		
Computer Hacking		
Money Orders and Counterfeit Currency		
Loss of Clients' Property		
Funds Transfer Fraud		
Fraudulently Induced Transfer (separate supplemental application required)		
ERISA Fraud or Dishonesty		

Requested Endorsements / Coverage Amendments

Is Kidnap, Ransom and Extortion coverage desired? (a separate supplemental application is required)

☐ Yes ☐ No

2. Description of Your Organization

a. Legal Entity Type

☐ Proprietorship ☐ Partnership ☐ Corporation ☐ LLC

☐ Other Date of Establishment

b. Predominant Business Activity

☐ Manufacturer ☐ Processor ☐ Wholesaler ☐ Distributor

☐ Retailer ☐ Servicer ☐ Other

c. Describe your predominant products, services, or business activity

d. Has there been any change in ownership or management within the past three years? If yes, please explain below.

☐ Yes ☐ No

3. Financial Status (Per Latest Fiscal Year End)

	Total	% Change from Prior Year
Annual Gross Assets		
Annual Gross Sales / Revenue		
Net Income		
Net Worth		

Please submit the following in support of this application: latest fiscal year end audited financial statements, and the CPA letter to management with management's response.

4. Audit Procedures

- a. Are your annual financial statements audited by a public accountant? ☐ Yes ☐ No
- b. Is the public accountant's opinion unqualified? ☐ Yes ☐ No
- c. Does the audit include all interests and locations on an annual basis? ☐ Yes ☐ No
- d. Have all recommendations made by the accountant been adopted? ☐ Yes ☐ No
- e. Are all audit reports sent directly to the Owner(s), Partners, or Directors? ☐ Yes ☐ No
- f. Is there a full-time professional staff auditor? ☐ Yes ☐ No
- g. Does the staff auditor conduct audits ☐ Annually ☐ Surprise Basis
- h. Is there a formal audit program? ☐ Yes ☐ No
- i. Does the auditor have authority to check anyone and any record at any time? ☐ Yes ☐ No
- j. Does the auditor originate entries? ☐ Yes ☐ No
- k. If weaknesses are discovered, does the auditor report in writing to the First Named Insured? ☐ Yes ☐ No
- l. Do you audit your wire transfer procedures? ☐ Yes ☐ No
- m. Are foreign locations audited at least annually? ☐ Yes ☐ No
- n. Foreign locations are audited by ☐ U.S. Auditor ☐ Foreign Auditor

5. Internal Controls

Bank Accounts

- a. Are bank accounts reconciled monthly? ☐ Yes ☐ No
- b. Are bank accounts reconciled by someone not authorized to deposit, withdraw, or write checks? ☐ Yes ☐ No

Checks & Securities

- c. Is countersignature required on all checks over a stated amount?
Above what amount? ☐ Yes ☐ No
- d. Do vouchers or other supporting records accompany all checks presented for signature? ☐ Yes ☐ No
- e. Are vouchers / supporting records stamped "PAID" when checks are signed? ☐ Yes ☐ No
- f. Do you maintain a list of approved vendors? ☐ Yes ☐ No

g. Are duties segregated so that no single employee can control a transaction from beginning to end (e.g., approve a voucher, then request and sign a check)? ☐ Yes ☐ No

h. Are securities subject to the joint control of two or more employees? ☐ Yes ☐ No

i. Do the above controls differ at foreign locations? ☐ Yes ☐ No

Accounts Receivable

j. Are at least 20% of accounts receivable periodically verified by direct contact with customers? ☐ Yes ☐ No

Payroll

k. Do you screen employees for prior acts of dishonesty? ☐ Yes ☐ No

k1. Have you hired or retained persons with prior convictions? ☐ Yes ☐ No

k2. If yes, do you have employees working in the State of New York? ☐ Yes ☐ No

k3. If yes to the above, do you weigh the factors set out in New York State Corrections Law Article 23-A in making the determination to hire or retain such persons? ☐ Yes ☐ No

k4. Do you maintain documentation of your New York State Corrections Law Article 23-A assessment? ☐ Yes ☐ No

l. Are credit reports checked when screening new employees? ☐ Yes ☐ No

m. Is payroll prepared by persons other than those who distribute it to employees? ☐ Yes ☐ No

n. Are persons authorized to hire and/or fire employees prohibited from distributing payroll? ☐ Yes ☐ No

Shipping & Receiving

o. Are persons engaged in purchasing or sales activities prohibited from taking part in shipping and receiving? ☐ Yes ☐ No

p. Are shipping and receiving activities reconciled to applicable sale or purchase orders? ☐ Yes ☐ No

q. Does any employee have access to both the purchasing system and the accounts payable system? ☐ Yes ☐ No

r. Is all purchasing centralized out of your main office? ☐ Yes ☐ No

s. Do you have a system to detect payments to fictitious suppliers? ☐ Yes ☐ No

t. Are cash or credits on returned purchases supervised by at least two persons? ☐ Yes ☐ No

Supervision by Owner, Partner, or Director

u. Is there personal supervision of business activities on a daily basis by an Owner, Partner, or Director? ☐ Yes ☐ No

v1. Does that person deposit all cash receipts? ☐ Yes ☐ No

v2. Sign or countersign all checks? ☐ Yes ☐ No

v3. Check petty cash periodically? ☐ Yes ☐ No

v4. Periodically verify accounts receivable? ☐ Yes ☐ No

v5. Reconcile all bank accounts? ☐ Yes ☐ No

v6. Verify shipping and receiving activities? ☐ Yes ☐ No

v7. Review journal entries? ☐ Yes ☐ No

6. Funds Transfer Procedures

What departments conduct wire/funds transfers?

b. Do you maintain a fully documented procedure manual covering all wire/funds transfer procedures? ☐ Yes ☐ No

c. Are all payment instructions executed under a sequential numbering system? ☐ Yes ☐ No

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- d. Is there an internal audit department that includes E.D.P. (electronic data processing) auditing? ☐ Yes ☐ No
- e. If there is no internal audit department, how is this function fulfilled? ☐ Yes ☐ No

- f. If you utilize outside consultants, do you change passwords when they finish their work? ☐ Yes ☐ No
- g. Total annual volume of funds transferred
- h. Largest amount one person can transfer
- i. Average size of transfers

- j. Are all funds transfer functions handled by banks and/or financial institutions? ☐ Yes ☐ No
- k. Do you have facilities to transfer funds yourselves without involving third parties? ☐ Yes ☐ No
- l. Are telephone transfer instructions given to banks confirmed in writing within 24 hours? ☐ Yes ☐ No
- m. Is there segregation of duties so that no one employee can initiate and complete a transaction without approval by others? ☐ Yes ☐ No
- n. Do you change passwords when employees leave the company? ☐ Yes ☐ No
- o. Describe controls in place to prevent unauthorized computer use by employees or others (e.g., are computer rooms locked, maintenance ports protected, etc.)?

- p. Number of employees authorized to make transfers
- q. Do you utilize port/network security that detects unusual activity? ☐ Yes ☐ No
- r. How do you detect whether an employee has exceeded their authority?

7. Vendor Information

- a. Are background checks performed on vendors to determine ownership and financial capability before doing business with them? ☐ Yes ☐ No
- b. Is an authorized vendor list utilized and updated annually, with competitive bidding required over a stated amount? ☐ Yes ☐ No
- c. Are requisitions and purchase orders issued only after approval by specified personnel within specified limits? ☐ Yes ☐ No
- d. Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparison to authorized vendor lists and receiving reports? ☐ Yes ☐ No
- e. Are perpetual inventories of materials and supplies maintained and periodically verified by physical count? ☐ Yes ☐ No
- f. Are vendors provided with a statement of your conflict-of-interest and gift policy (prohibiting gifts of significant value)? ☐ Yes ☐ No
- g. Are vendors asked to disclose any gifts, favors, or other questionable conduct offered or requested by employees? ☐ Yes ☐ No
- h. Do the same controls apply at locations outside the United States? ☐ Yes ☐ No

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8. Kidnap, Ransom & Extortion

a. Limit of liability requested (limits generally available from \$500,000 to \$65,000,000)

b. Provide details of staff travel outside the U.S. and Canada expected over the next 12 months, including city/country, number of staff traveling, and duration/frequency of travel. Attach additional pages if necessary.

City and Country	Number of Staff Traveling	Duration / Frequency of Travel

9. Prior Insurance

a. Has any similar insurance been declined or canceled during the past three years? If yes, please explain. ☐ Yes ☐ No

b. Prior insurance to be superseded ☐ Check here if none

Form of Insurance	Effective Date	Expiration Date	Limit of Insurance	Name of Insurance Company

10. Loss History

Enter all claims or occurrences that may give rise to a claim over the prior 5 years. ☐ Check here if none

Date of Occurrence	Type / Description of Occurrence or Claim	Date of Claim	Amount Paid	Status

Comments / corrective action taken:

11. Classification of Employees and Locations

	U.S.	Canada	Foreign	Grand Total
Total Employees				
Total Locations				

Please attach a total employee census by department. "Employee" includes all full-time, part-time, and temporary personnel.

12. Money & Securities Exposure

Enter the maximum exposure for each category below. If applicable, list "Peak" and "Non-Peak" figures separately (attach a supplemental sheet if needed).

	Money	Securities (Other than Payroll)	Checks (Excl. Retail)	Payroll Checks	Money in Transit / Overnight
Inside Premises					
Messenger #1					
Messenger #2					

b. Frequency of deposits

c. Night depository used ☐ N/A ☐ Yes ☐ No

d. Business hours

e. Average number of employees on duty

13. Property

Describe the property, merchandise, stock, etc. to be covered, and state the maximum value.

14. Precious Metals

a. Do you handle, store, or use precious and/or non-precious metals for manufacturing? ☐ Yes ☐ No

b. Is any type of mining activity involved? If yes, please complete our Valuable Metals Questionnaire (available upon request). ☐ Yes ☐ No

15. Safe / Vault

Manufacturer	Label (UL / SMNA)	Class	Door Type (Round / Square)	Combination Locks (Outer/Inner/Chest)	Thickness (Door / Wall)

16. Messenger Protection

Messenger #	# Guards Per Messenger	Private Conveyance Used	Safety Satchel Used
1		☐ Y ☐ N	☐ Y ☐ N
2		☐ Y ☐ N	☐ Y ☐ N

17. Premises / Safe Protection

a. What type(s) of alarm do you have at each premises?
☐ Hold-up Alarm ☐ Premises Alarm ☐ Safe Alarm

☐ Local Gong ☐ Central Station Alarm ☐ Police Connected Alarm

If alarms vary by location, please explain

b. Alarm certificate number(s) and expiration date(s)

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c. Is safe / vault protection ☐ Partial ☐ Complete

d. Who installs and services your alarms?

e. Number of guards/watchpersons on duty each shift

f. Describe additional protection (fences, floodlights, etc.)

18. Cyber & Internet Security

- | | | |
|--|------------------------------|-----------------------------|
| a. Do you buy or sell goods or services via the internet? | ☐ Yes | ☐ No |
| b. Do you have a firewall? | ☐ Yes | ☐ No |
| c. Do you have an intrusion detection system that identifies unauthorized access? | ☐ Yes | ☐ No |
| d. Do you have documented internet-use guidelines for employees? | ☐ Yes | ☐ No |
| e. Do you have documented emergency response procedures? | ☐ Yes | ☐ No |
| f. Has your computer system ever been invaded by a hacker or virus? If yes, when, and what controls have since been implemented to prevent recurrence? | ☐ Yes | ☐ No |
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19. Business Activities

Are you or any of your subsidiaries involved in any of the following? (check all that apply)

- ☐ Trading ☐ Extending Credit ☐ Warehousing for Others
- ☐ Warehousing for Owned Equipment / Inventory

Fraud Warning Notices

Applicable in AL, AR, LA, NM, RI and WV:

Knowingly presenting a false or fraudulent claim, or knowingly providing false information on an application for insurance, is a crime that can result in fines, imprisonment, or both. Alabama residents may also be ordered to pay restitution.

Applicable in CO, ME, TN, VA and WA:

Knowingly providing false, incomplete, or misleading information to an insurer in order to defraud the company is a crime, punishable by fines, imprisonment, denial of benefits, or a combination. Colorado law additionally permits civil damages, and requires that any insurer or agent who knowingly misleads a policyholder or claimant regarding a settlement be reported to the Colorado Division of Insurance.

Applicable in CA:

California law requires this notice: any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage, or to support a claim for payment, is guilty of a crime and may be subject to fines and imprisonment.

Applicable in DC:

It is a crime to knowingly 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, and the insurer may deny benefits if false information material to a claim was supplied by the applicant.

Applicable in FL:

A person who, with intent to injure, defraud, or deceive an insurer, files a claim or application containing false, incomplete, or misleading information commits a felony of the third degree.

Applicable in KY:

A person who knowingly and with intent to defraud files an application containing materially false information, or conceals information material to the application, commits a fraudulent insurance act, which is a crime.

Applicable in MD:

A person who knowingly or willfully presents a false or fraudulent claim, or knowingly or willfully provides false information on an application for insurance, is guilty of a crime and may be subject to fines and imprisonment.

Applicable in NJ:

Including false or misleading information on an application for an insurance policy subjects the applicant to criminal and civil penalties.

Applicable in NY:

A person who knowingly and with intent to defraud files an application for insurance or a statement of claim containing materially false information, or conceals information material thereto, commits a fraudulent insurance act, which is a crime, and may be subject to civil penalties not to exceed five thousand dollars plus the stated value of the claim for each violation.

Applicable in OH:

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

Applicable in OK:

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

Applicable in OR:

This policy may be voided if, before or after a loss, the insured willfully conceals or misrepresents a material fact concerning this insurance, or commits fraud or false swearing relating to it. Absent fraud, statements made by or for the insured are representations, not warranties; an error in a written application generally may not be used to defend a claim unless a copy of the application was attached to the policy when issued, and the insurer shows the representation was material and relied upon.

Applicable in PA:

A person who knowingly and with intent to defraud files an application for insurance or a statement of claim containing materially false information, or conceals information material thereto, commits a fraudulent insurance act, which is a crime, and is subject to criminal and civil penalties.

Applicable in all other states:

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Your policy may be voidable in the event of fraud, intentional concealment, or misrepresentation of a material fact by you in obtaining this insurance.

THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF THE APPLICANT AND REPRESENTS THAT REASONABLE INQUIRY HAS BEEN MADE TO OBTAIN THE ANSWERS TO THE QUESTIONS ON THIS APPLICATION, AND THAT THOSE ANSWERS ARE TRUE, ACCURATE, AND COMPLETE TO THE BEST OF THEIR KNOWLEDGE.

Applicant Signature Title Date

Producer Signature Title Date