



**COMMERCIAL CRIME POLICY
APPLICATION
MERCANTILE ENTITIES**

Application is hereby made by _____

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

Principal Address _____
(Number) (Street) (City) (State) (Zip Code)

Policy Effective Period _____ to _____

<u>Insuring Agreement</u>	<u>Limit of Insurance</u>	<u>Deductible</u>
1. Employee Dishonesty.....	\$ _____	\$ _____
2. Forgery or Alteration.....	\$ _____	\$ _____
3. Inside the Premises.....	\$ _____	\$ _____
4. Outside the Premises.....	\$ _____	\$ _____
5. Computer Fraud.....	\$ _____	\$ _____
6. Money Orders and Counterfeit Paper Currency.....	\$ _____	\$ _____
7. Loss of Clients' Property.....	\$ _____	\$ _____
8. Funds Transfer Fraud.....	\$ _____	\$ _____

Coverage Amendments (Endorsements) _____
 Is Kidnap, Ransom, and Extortion Coverage Desired? Yes ____ No ____

1. Description of your organization:

- (a) Legal Entity: Proprietorship __, Partnership __, Corporation __, Other _____, Date of Establishment _____
- (b) Classify your predominant activity: Manufacturer __, Processor __, Wholesaler __, Distributor __, Retailer __, Servicer __, Other _____
- (c) Please describe the products or services of your predominant business or activity _____
- (d) Has there been any change in ownership or management within the past three years? Yes ____ No ____
 If "Yes", please explain _____

2. Audit Procedures:

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

3. Internal Controls:

	Yes	No
<u>Bank Accounts:</u>		
(a) Are bank accounts reconciled monthly?.....	_____	_____
(b) Are bank accounts reconciled by someone not authorized to deposit or withdraw?.....	_____	_____
<u>Checks & Securities:</u>		
(c) Is countersignature of all checks required? Above what amount? \$ _____	_____	_____
(d) Do all vouchers or other supporting record accompany all checks to be signed?.....	_____	_____
(e) Are vouchers/supporting records stamped "PAID" when checks are signed?.....	_____	_____
(f) Do you maintain a list of approved vendors?.....	_____	_____
(g) Are your systems designed so that no single employee can control a transaction from beginning to end (e.g. approve a voucher, request and sign a check)?.....	_____	_____
(h) Are securities subject to the joint control of two or more employees?.....	_____	_____
(i) Do the above controls differ in foreign locations?.....	_____	_____

Accounts Receivable:

Yes No

(j) Are at least 20% of all of the accounts receivable periodically verified by direct contact with the customers?.....

Payroll:

(k) Do you screen your employees for prior acts of dishonesty?.....

(l) Are credit reports checked when screening new employees?.....

(m) Is the payroll made up by persons other than those who distribute it to employees?.....

(n) Are all persons who are authorized to hire and/or fire employees prohibited from distributing the payroll?.....

Shipping and Receiving:

(o) Are all persons engaged in purchase or sales activities prohibited from taking part in shipping and receiving activities?.....

(p) Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?.....

(q) Is all purchasing centralized out of your main office?.....

(r) Do you have a system to detect payment to fictitious suppliers?.....

(s) Are cash or credits on return purchases supervised by at least two persons?.....

Supervision by Owner:

(t) Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director?

(u) Does that person: Deposit all cash receipts?.....

Sign or countersign all checks?.....

Check petty cash periodically?.....

Verify periodically accounts receivable?.....

Reconcile all bank accounts?.....

Verify shipping and receiving activities?.....

Review journal entries?.....

4. Vendor Information

Yes No

(a) Are background checks performed on vendors in order to determine ownership and financial capability prior to doing business with them?.....

(b) Is an authorized vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts?.....

(c) Are requisitions and purchase orders issued only after the approval of specified personnel within specified limits?.....

(d) Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparisons to authorized vendor lists and receiving reports?.....

(e) Are perpetual inventories maintained of materials and supplies and periodically verified by physical count?.....

(f) Are vendors provided with a statement of your conflict of interest and gift policy (prohibiting gifts of any significant value)?.....

(g) Are vendors asked to disclose any gifts or favors offered or requested or other questionable behavior by employees?.....

(h) Do the same controls apply to locations outside of the United States?.....

5. Prior Insurance:

Yes No

(a) Has any similar insurance been declined or canceled during the past three years?
If "Yes", please explain _____

(b) Prior insurance to be superseded..... Check here if none

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

6. Loss History:

Enter all claims or occurrences that may give rise to claims for the prior 5 years..... Check here if none

Date of Occurrence:	Type/Description of Occurrence or Claim	Date of Claim	Amount Paid	Claim Status (Open or Closed)

Comments/Corrective Action Taken: _____

7. Classification of Employees and Locations

(a) Classification of Employees (Including Full Time and Part Time):

EMPLOYEE S	U.S.	CANADA	FOREIGN	GRAND TOTAL
LOCATIONS	U.S.	CANADA	FOREIGN	GRAND TOTAL

Number of:	Number of:	Number of:
Accountants/Asst. Accountants	Credit Clerks and Managers	Purchasing Agents/Asst. Agents
Adjusters	Delivery Persons	Receiving Clerks
Administrators/Asst/ Administrators	Demonstrators	Refinery Gauges of Oil Companies
Appraisers/Asst. Appraisers	Detectives	Salespeople
Attorneys	Employees who Order Food	Security Personnel
Auditors/Asst. Auditors	Employees who Handle Money	Service Station Attendants
Bookkeepers	Janitors	Shipping Clerks
Bursars/Asst. Bursars	Locker Room Attendants	Superintendents/Asst. Superintendents
Bus Drivers	Maitre D's/Asst. Maitre D's	Supervisors/Asst. Supervisors
Door to Door Salespeople	Managers/Asst. Managers	Systems Analysts
Cashiers/Asst. Cashiers	Medical Directors	Taxi Drivers/Chauffeurs
Chairpersons	Messengers, Outside	Teachers
Collectors	Meter Readers Who Collect	Truck Drivers
Computer Programmers	Nurses	Warehouse Personnel
Comptrollers/Asst. Comptrollers	Payroll Distributors	

8. Money - Securities

Please enter the Exposure for each category. Amounts entered should be the maximum exposure.

Type	Money	Securities (Other Than Payroll Checks)	Checks (Excluding Retail Checks)	Payroll Checks	Money Overnight	Securities (In Bank/Safe Deposit)
Inside						
Messenger #1						
Messenger #2						

9. Property

Please provide a description of property, merchandise, stock, etc. to be covered. Please also state the maximum value.

10. General Information

Business Hours	Av. # of Employees on Duty	Frequency of Deposits	Night Depository Used	Annual Gross sales or receipts for last fiscal yr.	Other Information

11. Safe/Vault

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

12. Messenger Protection

Messenger #	# Guards per Messenger	Private Conveyance Used?	Safety Satchel Used?
		Yes _____ No _____	Yes _____ No _____
		Yes _____ No _____	Yes _____ No _____

13. Premises/Safe Protection

(a) What type of alarm(s) do you have at each of your premises?

- 1. Hold-up Alarm 2. Premises Alarm 3. Safe Alarm
- 4. Local Gong 5. Central Station Alarm 6. Police Connected Alarm

If alarms vary from location to location, please explain: _____

(b) What is/are the certificate number(s) on your alarms(s) and what is/are the expiration date(s): _____

(c) Is safe/vault protection partial or complete? _____

(d) Who installs and services your alarms? _____

(e) Please specify the number of guards and/or watchpersons on duty each shift: _____

(f) Please describe any additional protection (e.g. Fences, floodlights, etc.): _____

14. Internet Security

(a) Do you buy or sell goods 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 guidelines for employees? Yes _____ No _____

(e) Do you have documented emergency procedures? Yes _____ No _____

(f) Has your computer system ever been invaded by a Hacker or Virus? Yes _____ No _____

(g) If "Yes" to question (g), when and what controls have been implemented to prevent further incidences? _____

15. Business Activities

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

a. Trading? _____

b. Extending Credit? _____

c. Warehousing? _____

 i. For Others? _____

 ii. For Owned Equipment or Inventory? _____

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

Applicant's Signature:	Date:	Producer's Signature:	Date:

