



**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:

| <u>Bank Accounts:</u> | Yes | No |
|---|------------|-----------|
| (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: |
|------------------------|-------|-----------------------|-------|
| | | | |

