



Name of Agency: \_\_\_\_\_ Agency Code: \_\_\_\_\_ Hanover Bond No.: \_\_\_\_\_

Name of Insured: \_\_\_\_\_  
*(First Named Insured and all additional insureds. Attach separate sheet if necessary)*

Principal Address: \_\_\_\_\_

Date Business Established: \_\_\_\_\_ Latest Fiscal Year End Revenues: \$ \_\_\_\_\_

Effective Date of Coverage: \_\_\_\_\_

Do you want Employee Benefit Plans to be added as Named Insureds?  Yes  No

If Yes, please list Employee Benefit Plans: \_\_\_\_\_

Applying for:  Primary Coverage  Excess Coverage

Coverage Requested:	Limit of Liability	Deductible
<b>1. Employee Theft</b>		
a) Per Loss Coverage	\$ _____	\$ _____
b) Employee Theft—Per Employee	\$ _____	\$ _____
<i>(Governmental Only)</i>		
Faithful Performance <i>(Governmental Only)</i>	\$ _____	\$ _____
	<i>(\$1 MM Maximum Limit)</i>	
<b>2. Forgery or Alteration</b>	\$ _____	\$ _____
<b>3. Inside the Premises—Theft of Money and Securities</b>	\$ _____	\$ _____
<b>4. Inside the Premises—Robbery or Safe Burglary of Other Property</b>	\$ _____	\$ _____
<b>5. Outside the Premises</b>	\$ _____	\$ _____
<b>6. Computer Fraud</b>	\$ _____	\$ _____
<b>7. Funds Transfer Fraud</b>	\$ _____	\$ _____
<b>8. Money Orders and Counterfeit Money</b>	\$ _____	\$ _____
<b>Other Insuring Agreements Added by Endorsement:</b>	\$ _____	\$ _____
	\$ _____	\$ _____

**1. Description of Organization:**

- A) Commercial Entities**     Partnership     Corporation     Proprietorship     LLC  
 Predominant Activity:     Manufacturer     Processor     Wholesaler     Distributor  
                                    Retailer     Service     Other (explain) \_\_\_\_\_

Describe the products or services of your predominant activity: \_\_\_\_\_

- B) Governmental Entities**     State     County     City     Town     Township     Village     Borough  
 Other Political Subdivision     (explain) \_\_\_\_\_  
 Public Educational Service (explain) \_\_\_\_\_

Public Utility (explain) \_\_\_\_\_

Public Housing Authority     Other (explain) \_\_\_\_\_

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**2. Current Crime Insurance Program:**

Check if none

<u>Insurance Carrier:</u>	<u>(Primary or Excess):</u>	<u>Policy Period:</u>	<u>Limit of Insurance:</u>	<u>Deductible or Underlying:</u>	<u>Expiring Premium:</u>
_____	_____	_____	\$ _____	\$ _____	\$ _____

Do you presently have *any* crime coverage in effect on a Commercial Package Policy or Business Owners' Policy?

Yes     No    If yes, please provide:

<u>Insurance Carrier:</u>	<u>Policy Number:</u>	<u>Policy Period:</u>	<u>Limit of Insurance:</u>	<u>Deductible:</u>
_____	_____	\$ _____	\$ _____	\$ _____

Has any similar insurance been declined or cancelled during the past six years?     Yes     No

If "Yes", please explain: \_\_\_\_\_

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**3. Loss Experience (during the last 6 years):**

Check if none

<u>Description of Loss:</u>	<u>Date:</u>	<u>Amount of Loss:</u>	<u>Insurance Recovery:</u>	<u>Corrective Action Taken:</u>
_____	_____	\$ _____	\$ _____	_____

*(Attach separate sheet with explanation if necessary)*

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**4. Classification of Employees:**

Total Number of Employees: \_\_\_\_\_    Number of Officers: \_\_\_\_\_

Number of Employees who handle, have custody of, or maintain records of money, securities or other property \_\_\_\_\_

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**5. Location Information:**

Number of Domestic Locations:

Manufacturing \_\_\_\_\_    Warehouses \_\_\_\_\_    Distribution Centers \_\_\_\_\_    Retail \_\_\_\_\_    Other \_\_\_\_\_

Foreign Locations:

<u>Country</u>	<u>Type of Operation</u>	<u>Number of Employees</u>	<u>Revenues (if applicable)</u>
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

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**6. Audit Procedures:**

- A. Is an independent CPA firm involved in the applicant's financial reporting?     Yes     No  
If Yes, how often?     Quarterly     Semi-Annually     Annually
- B. If yes, what is the level of accounting?     Audit     Review     Compilation
- C. Are all subsidiaries and locations included in the audit?     Yes     No     N/A
- D. Is the audit report rendered directly to the Owners or Board of Directors?     Yes     No     N/A
- E. Does the CPA firm prepare a Management Letter commenting on internal controls weaknesses with recommendations for improvement?     Yes     No     N/A
- F. Has the CPA firm made any recommendations that have not been adopted?     Yes     No     N/A
- G. Do you have a documented system of internal control policies/procedures?     Yes     No
- H. Does the applicant maintain an internal audit department?     Yes     No
- I. If no, is there an individual responsible for oversight and enforcement of internal control policies and procedures?     Yes     No
- J. Are internal audits conducted on a regular and surprise basis and do they cover all locations?     Yes     No     N/A

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**7. Pre-employment Screening (Conducted prior to hiring in all business units):**

- A. Do you perform criminal background checks?  Yes  No
- B. Do you perform Reference checks that include prior employers during the past five years?  Yes  No
- C. Do you perform credit checks?  Yes  No
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**8. Disbursement and Check Handling Controls:**

- A. Do employees who reconcile monthly bank statements also:
- a) Sign checks?  Yes  No
  - b) Handle bank deposits?  Yes  No
  - c) Have access to check signing machines or signature plates?  Yes  No
- B. Is countersignature of checks required?  Yes  No
- If "Yes", over what amount? \$ \_\_\_\_\_
- If "No", who can sign checks? \_\_\_\_\_
- C. Are internal control systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher, sign a check)?  Yes  No
- D. Are all invoices verified against purchase orders, receiving reports, and authorized master vendor list prior to issuing payment?  Yes  No
- E. Are the invoices stamped "paid" at the time checks are issued to prevent issuing duplicate checks?  Yes  No  N/A
- F. If applicable, is check stock stored under dual control with controlled access?  Yes  No  N/A
- G. How frequently is blank check stock inventoried? \_\_\_\_\_
- H. Does the accounts payable system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends?  Yes  No
- I. Are incoming checks immediately stamped "For Deposit Only"?  Yes  No
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**9. Payroll Controls:**

- A. Do you outsource your payroll function?  Yes  No
- B. Are management policies and computer system controls in place to prevent persons who approve new hires from adding them into the payroll?  Yes  No
- C. Are additions to the payroll system automatically reported via the computer system to a Human Resources manager who reconciles payroll changes with the new hire documentation?  Yes  No
- D. Does the audit department have a program in place to detect possible ghost employees?  Yes  No
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**10. Purchasing Controls:**

- A. Is the responsibility for authorizing vendors, making a requisition, approving invoices, and processing payments segregated among different individuals?  Yes  No
- B. Is your purchasing department separated from receiving responsibilities and supervised by a person who is not authorized to make payments?  Yes  No  N/A
- C. Is an authorized vendor list used and updated at least annually?  Yes  No
- D. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized vendor list?  Yes  No
- E. If "Yes", is "due diligence" conducted by someone other than the person requesting such addition?  Yes  No
- F. Does the purchasing system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends?  Yes  No  N/A

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**11. Inventory Controls:**

- A. Are the duties of purchasing, receiving, storekeeping and shipping separate so that no one person can control these functions from beginning to end?  Yes  No  N/A
- B. Is the responsibility for verifying merchandise received subject to ultimate control of more than one individual?  Yes  No  N/A
- C. Is a perpetual inventory maintained for:
- 1. Stock, including raw materials, and manufacturing components?  Yes  No  N/A
  - 2. Manufactured or finished goods?  Yes  No  N/A
  - 3. Scrap?  Yes  No  N/A
- D. Is a complete inventory made with a physical check of stock and equipment?  Yes  No  N/A  
If yes, by whom? \_\_\_\_\_ How often? \_\_\_\_\_
- E. Is physical inventory protected by:
- a) Alarm system?  Yes  No
  - b) Video camera?  Yes  No
  - c) Security guards?  Yes  No
  - d) Security fencing?  Yes  No
- F. Do you warehouse for others?  Yes  No
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**12. Computer Controls:**

- A. Is there a software security system in place to detect fraudulent computer usage by employees or outsiders?  Yes  No
- B. Are passwords and access codes changed at regular intervals and when users are terminated?  Yes  No
- C. Are EDP systems, programs and procedures, including changes thereto, authorized, documented and tested?  Yes  No  N/A
- D. Are access controls designed so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure?  Yes  No
- E. Are business-to-business or business-to-consumer transactions performed over the internet? If "Yes":  Yes  No
- a) Are firewalls configured to restrict all IP communications except those necessary to conduct business and firewall security patches current?  Yes  No
  - b) Is firewall port scanning and penetration testing conducted regularly?  Yes  No  N/A
  - c) Were Web-based applications independently tested for security vulnerabilities prior to, or at the time of, deployment and have they been similarly tested whenever the applications have been modified?  Yes  No
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**13. Fund Transfer Controls:**

- A. What is the average daily number of fund transfers? \_\_\_\_\_
- B. What is the average daily dollar volume of electronic funds transfer? \$ \_\_\_\_\_ Maximum \$ \_\_\_\_\_
- C. Is there a written policy regarding wire transfers?  Yes  No  N/A
- D. Have approval authorities been established in writing, and are they current?  Yes  No  N/A
- E. Has separation been established between the individuals responsible for approving and processing wire transfers?  Yes  No  N/A
- F. If a telephone call can activate a transfer of funds, does your financial institution call an employee other than the one who requested the transfer before acting on the transfer request?  Yes  No  N/A  
If yes, what is the call back threshold? \$ \_\_\_\_\_
- G. Does the receiving financial institution immediately verify the completion of the transfer of funds?  Yes  No  N/A

- H. Are transfer verifications sent to an Employee or a department other than the one who initiated the transfer?  Yes  No  N/A
- I. Are wire transfers reconciled the same day the transfer verifications are received by a person who did not approve or transmit such wire transfer?  Yes  No  N/A

**14. Inside & Outside the Premises Coverage Exposure:**

MAXIMUM EXPOSURE INSIDE THE PREMISES:

<u>Location</u>	<u>Cash</u>	<u>Securities/Checks</u>	<u>Safes?</u> <i>(yes or no)</i>	<u>Alarm System?</u> <i>(yes or no)</i>
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

A. Do you use an Armored Motor Vehicle Company to transport Money or Securities?  YES  NO

IF NO, PLEASE COMPLETE: MAXIMUM EXPOSURE OUTSIDE THE PREMISES:

<u>Location</u>	<u>Cash</u>	<u>Securities/Checks</u>	<u># of Messengers</u>	<u># of Guards</u>	<u>Safety Satchel Yes/No</u>
_____	\$ _____	\$ _____	_____	_____	_____
_____	\$ _____	\$ _____	_____	_____	_____
_____	\$ _____	\$ _____	_____	_____	_____

**15. Additional Internal Control Questions for Governmental Entities Only**

- A. Is there a written investment policy?  Yes  No  N/A
- B. Is there an investment department which is separate from the Treasurer's Dept.?  Yes  No  N/A
- C. Is there a periodic review by an investment committee or board?  Yes  No  N/A
- D. Who makes the investment decisions? \_\_\_\_\_

It is understood that the first premium upon the Policy applied for, and subsequent premiums thereon, are due at the beginning of each premium period, that the Underwriter is entitled to additional premiums because of any unusual increase in the number of Employees or Premises and that the Applicant agrees to pay all such premiums promptly. The Employees of the Applicant have all, to the best of the Applicant's knowledge and belief, while in the service of the Applicant always performed their respective duties honestly. There has never come to its notice or knowledge any information which in the judgment of the Applicant indicates that any of the said Employees are dishonest. Such knowledge as any officer signing for the Applicant may now have in respect to his own personal acts or conduct unknown to the Applicant, is not imputable to the Applicant.

**NOTICE TO COLORADO APPLICANTS:** 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 PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICY HOLDER 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.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:** 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.

**NOTICE TO FLORIDA APPLICANTS:** PURSUANT TO §817.234, FLORIDA STATUTE, ANY PERSON WHO WITH INTENT TO INJURE, DEFRAUD OR DECEIVE AN INSURER OR INSURED, PREPARES, PRESENTS OR CAUSES TO BE PRESENTED A PROOF OF LOSS OR ESTIMATE OF COST OR REPAIR DAMAGED PROPERTY IN SUPPORT OF A CLAIM UNDER AN INSURANCE POLICY KNOWING THAT THE PROOF OF LOSS OR ESTIMATE OF CLAIM OR REPAIRS CONTAIN ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION CONCERNING ANY FACT OR THING MATERIAL TO THE CLAIM COMMITS A FELONY OF THE THIRD DEGREE, PUNISHABLE AS PROVIDED IN §775.082, §775.083 OR §775.084 FLORIDA STATUTES.

**NOTICE TO KENTUCKY APPLICANTS:** 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.

**NOTICE TO MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY.

**NOTICE TO MARYLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO NEW JERSEY APPLICANTS:** ANY PERSON WHO KNOWINGLY INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW MEXICO APPLICANTS:** 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.

**NOTICE TO OHIO APPLICANTS:** 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.

**NOTICE TO OKLAHOMA APPLICANTS:** **WARNING** ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES A CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

**NOTICE TO PENNSYLVANIA APPLICANTS:** ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON, FILES AN APPLICATION 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.

**NOTICE TO RHODE ISLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION ON AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES OR CONFINEMENT IN PRISON.

**NOTICE TO ARKANSAS, LOUISIANA & WEST VIRGINIA APPLICANTS:** 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.

**NOTICE TO TENNESSEE, VIRGINIA, AND WASHINGTON APPLICANTS:** 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.

**NOTICE TO NEW YORK APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR COMMERCIAL INSURANCE OR A STATEMENT OF CLAIM FOR ANY COMMERCIAL OR PERSONAL INSURANCE BENEFITS 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 VIOLATION.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
(Insured)

By \_\_\_\_\_  
(Name and Title)