



Commercial Crime Policy Application For Mercantile Entities

Application is hereby made by _____

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

Principal Address _____ City _____ State _____ Zip _____

Policy Effective Period _____ To _____

	Limit of Insurance Per Occurrence	Deductible
1. Employee Dishonesty	\$ _____	\$ _____
2. Forgery or Alteration	\$ _____	\$ _____
3. Inside the Premises	\$ _____	\$ _____
4. Outside the Premises	\$ _____	\$ _____
5. Computer Hacking	\$ _____	\$ _____
6. Money Orders and Counterfeit Paper Cash	\$ _____	\$ _____
7. Loss of Clients' Property	\$ _____	\$ _____
8. Funds Transfer Fraud	\$ _____	\$ _____
9. Fraudulently Induced Transfer (Separate application required)	\$ _____	\$ _____
10. ERISA Fraud or Dishonesty	\$ _____	\$ _____

Coverage Amendments (Endorsements) _____

Is Kidnap, Ransom, and Extortion Coverage Desired? (Separate application required) Yes No

2. 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

3. Financial Status (per latest FYE)

	Total	% Change from prior year
a. Annual Gross Assets		
b. Annual Gross Sales		
c. Net Income		
d. Net Worth		

Please submit the following information in support of this application: Latest Annual Fiscal Year End Audited Financials, CPA Letter to Management and Management Response

4. Audit Procedures

Yes No

a. Are your annual financial statements audited by a public accountant?	<input type="checkbox"/>	<input type="checkbox"/>
b. Is the public accountant's opinion unqualified?	<input type="checkbox"/>	<input type="checkbox"/>
c. Does it include all interests and locations on an annual basis?	<input type="checkbox"/>	<input type="checkbox"/>
d. Have all recommendations made by the accountant been adopted?	<input type="checkbox"/>	<input type="checkbox"/>
e. Are all reports sent directly to the Owner, Partners or Directors?	<input type="checkbox"/>	<input type="checkbox"/>
f. Is there a full time professional staff auditor?	<input type="checkbox"/>	<input type="checkbox"/>
g. Does the staff auditor conduct an audit <input type="checkbox"/> Annually <input type="checkbox"/> Surprise Basis		
h. Is there a formal audit program?	<input type="checkbox"/>	<input type="checkbox"/>
i. Does the auditor have the authority to check anyone and any record at any time?	<input type="checkbox"/>	<input type="checkbox"/>
j. Does the auditor originate entries?	<input type="checkbox"/>	<input type="checkbox"/>
k. If weaknesses are discovered, does the auditor report in writing to the First Named Insured?	<input type="checkbox"/>	<input type="checkbox"/>
l. Do you audit your Wire Transfer procedures?	<input type="checkbox"/>	<input type="checkbox"/>
m. Are foreign locations audited at least annually?	<input type="checkbox"/>	<input type="checkbox"/>
n. Are foreign locations audited by <input type="checkbox"/> U.S. Auditor <input type="checkbox"/> Foreign Auditor		

5. Internal Controls

Yes No

Bank Accounts

a. Are bank accounts reconciled monthly?	<input type="checkbox"/>	<input type="checkbox"/>
b. Are bank accounts reconciled by someone not authorized to deposit, withdraw, or write checks?	<input type="checkbox"/>	<input type="checkbox"/>

Checks & Securities

c. Is countersignature of all checks required? Above what amount? _____	<input type="checkbox"/>	<input type="checkbox"/>
d. Do all vouchers or other supporting records accompany all checks to be signed?	<input type="checkbox"/>	<input type="checkbox"/>
e. Are vouchers/supporting records stamped "PAID" when checks are signed?	<input type="checkbox"/>	<input type="checkbox"/>
f. Do you maintain a list of approved vendors?	<input type="checkbox"/>	<input type="checkbox"/>
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)?	<input type="checkbox"/>	<input type="checkbox"/>
h. Are securities subject to the joint control of two or more employees?	<input type="checkbox"/>	<input type="checkbox"/>
i. Do the above controls differ in foreign locations?	<input type="checkbox"/>	<input type="checkbox"/>

Accounts Receivable

j. Are at least 20% of all of the accounts receivable periodically verified by direct contact with the customers?	<input type="checkbox"/>	<input type="checkbox"/>
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5. Internal Controls *Continued*

	Yes	No
Payroll		
k. Do you screen your employees for prior acts of dishonesty?	<input type="checkbox"/>	<input type="checkbox"/>
1. Have you hired or retained persons with prior convictions?	<input type="checkbox"/>	<input type="checkbox"/>
2. If yes , do you have Employees working in the State of New York?	<input type="checkbox"/>	<input type="checkbox"/>
3. If yes to (2) , 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?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you maintain documentation of your New York State Corrections Law Article 23-A assessment?	<input type="checkbox"/>	<input type="checkbox"/>
l. Are credit reports checked when screening new employees?	<input type="checkbox"/>	<input type="checkbox"/>
m. Is the payroll made up by persons other than those who distribute it to employees?	<input type="checkbox"/>	<input type="checkbox"/>
n. Are all persons who are authorized to hire and/or fire employees prohibited from distributing the payroll?	<input type="checkbox"/>	<input type="checkbox"/>
Shipping and Receiving		
o. Are all persons engaged in purchase or sales activities prohibited from taking part in shipping and receiving activities?	<input type="checkbox"/>	<input type="checkbox"/>
p. Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?	<input type="checkbox"/>	<input type="checkbox"/>
q. Does any employee have access to the purchasing system and also the accounts payable system?	<input type="checkbox"/>	<input type="checkbox"/>
r. Is all purchasing centralized out of your main office?	<input type="checkbox"/>	<input type="checkbox"/>
s. Do you have a system to detect payment to fictitious suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
t. Are cash or credits on return purchases supervised by at least two persons?	<input type="checkbox"/>	<input type="checkbox"/>
Supervision by Owner		
u. Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director?	<input type="checkbox"/>	<input type="checkbox"/>
v. Does that person		
1. Deposit all cash receipts?	<input type="checkbox"/>	<input type="checkbox"/>
2. Sign or countersign all checks?	<input type="checkbox"/>	<input type="checkbox"/>
3. Check petty cash periodically?	<input type="checkbox"/>	<input type="checkbox"/>
4. Verify periodically accounts receivable?	<input type="checkbox"/>	<input type="checkbox"/>
5. Reconcile all bank accounts?	<input type="checkbox"/>	<input type="checkbox"/>
6. Verify shipping and receiving activities?	<input type="checkbox"/>	<input type="checkbox"/>
7. Review journal entries?	<input type="checkbox"/>	<input type="checkbox"/>

6. Funds Transfer Procedures

Yes No

a. What departments conduct wire funds transfers? _____		
b. Do you maintain a fully documented procedure manual covering all wire transfer procedures?	<input type="checkbox"/>	<input type="checkbox"/>
c. Are all payment instructions executed under a sequential numbering system?	<input type="checkbox"/>	<input type="checkbox"/>
d. Is there an internal audit department which includes E.D.P. auditing?	<input type="checkbox"/>	<input type="checkbox"/>
e. If there is no internal audit department, please advise how this function is fulfilled:		
f. If you utilize consultants, do you change passwords when they finish their work?	<input type="checkbox"/>	<input type="checkbox"/>
g. What is the total annual volume of funds transferred? _____		
h. What is the largest amount one person can transfer? _____		
i. What is the average size of transfers? _____		
j. Are all funds transfer functions handled by banks and/or financial institutions?	<input type="checkbox"/>	<input type="checkbox"/>
k. Do you have facilities to transfer funds yourself without involving third parties?	<input type="checkbox"/>	<input type="checkbox"/>
l. Are all telephone transfer instructions given to banks confirmed in writing within 24 hours?	<input type="checkbox"/>	<input type="checkbox"/>
m. Is there segregation of duties so that no one employee can initiate and complete transactions without approval by others?	<input type="checkbox"/>	<input type="checkbox"/>
n. Do you change passwords when employees leave?	<input type="checkbox"/>	<input type="checkbox"/>
o. Describe controls in place to prevent unauthorized use of computers by employees or others? <i>(i.e. are computer rooms locked, maintenance ports protected, etc)</i>		
p. What is the total number of employees who have the authority to make transfers? _____		
q. Do you utilize port security that detects unusual activity?	<input type="checkbox"/>	<input type="checkbox"/>
r. How do you detect whether an employee has exceeded their authority? _____		

7. 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?	<input type="checkbox"/>	<input type="checkbox"/>
b. Is an authorized vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts?	<input type="checkbox"/>	<input type="checkbox"/>
c. Are requisitions and purchase orders issued only after the approval of specified personnel within specified limits?	<input type="checkbox"/>	<input type="checkbox"/>
d. Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparisons to authorized vendor lists and receiving reports?	<input type="checkbox"/>	<input type="checkbox"/>
e. Are perpetual inventories maintained of materials and supplies and periodically verified by physical count?	<input type="checkbox"/>	<input type="checkbox"/>
f. Are vendors provided with a statement of your conflict of interest and gift policy <i>(prohibiting gifts of any significant value)</i> ?	<input type="checkbox"/>	<input type="checkbox"/>
g. Are vendors asked to disclose any gifts or favors offered or requested or other questionable behavior by employees?	<input type="checkbox"/>	<input type="checkbox"/>
h. Do the same controls apply to locations outside of the United States?	<input type="checkbox"/>	<input type="checkbox"/>

8. ERISA Fraud or Dishonesty

Yes No

1. List Exact Names of All Plans to be covered and Asset Values (\$):

Name of Plan	Plan assets	Limit requested

2. Are the assets of the Plan(s) audited at least annually by an independent CPA? Yes No

3. Are the assets of the Plan(s) administered by an independent third party? Yes No

3a. Name and address of administrator

4. Are any of the Plan assets non-qualified? Yes No

(Note: Non-qualified assets are assets held in limited partnerships, artwork, collectibles, mortgages, real estate or securities of "closely held" companies and are held outside of regulated institutions such as a bank; an insurance company; a registered broker-dealer or other organization authorized to act as trustee for individual retirement accounts under Internal Revenue Code 408).

If yes, separate application is required. _____ %

9. Prior Insurance

Yes No

a. Has any similar insurance been declined or canceled during the past three years? Yes No

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

10. Loss History

Enter all claims or occurrences that may give rise to claims for the prior 5 years

Check here if none
Claim Status

Date of Occurrence	Type/Description of Occurrence or Claim	Date of Claim	Amount Paid	Claim Status	
				Open	Closed
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Comments/Corrective Action Taken

11. Classification of Employees and Locations

Total

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

PLEASE ATTACH TOTAL EMPLOYEE CENSUS BY DEPARTMENT (Definition of employee includes all full time, part time and temporary employees)

12. 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						

13. Property

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

14. Precious Metals

	Yes	No
a. Do you handle, store or use for manufacturing, valuable or precious and/or non-precious metals?	<input type="checkbox"/>	<input type="checkbox"/>
b. Any type of mining?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please complete our Valuable Metals Questionnaire (available upon request).		

15. General Information

Business Hours	Average # of Employees On Duty	Frequency of Deposits	Night Depository Used	Annual Gross Sales or Receipts For Last Fiscal Year	Other Information

16. Safe/Vault

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

17. Messenger Protection

Messenger #	# Guards Per Messenger	Private Conveyance Used		Safety Satchel Used	
		Yes	No	Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. 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 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.) _____

19. Internet Security

	Yes	No
a. Do you buy or sell goods via the internet?	<input type="checkbox"/>	<input type="checkbox"/>
b. Do you have a firewall?	<input type="checkbox"/>	<input type="checkbox"/>
c. Do you have an intrusion detection system that identifies unauthorized access?	<input type="checkbox"/>	<input type="checkbox"/>
d. Do you have documented internet guidelines for employees?	<input type="checkbox"/>	<input type="checkbox"/>
e. Do you have documented emergency procedures?	<input type="checkbox"/>	<input type="checkbox"/>
f. Has your computer system ever been invaded by a hacker or virus? If yes, when and what controls have been implemented to prevent further incidences? _____	<input type="checkbox"/>	<input type="checkbox"/>

20. Business Activities

(check all that apply)

Are you or any of your subsidiaries involved in any of the following?

a. Trading?

b. Extending Credit?

c. Warehousing?

 i. For Others?

 ii. For Owned Equipment or Inventory?

Fraud Statements

Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (*or willfully*)* presents a false or fraudulent claim for payment of a loss or benefit or 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. **Applies in MD Only.*

Applicable in CO: 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.

Applicable in FL and OK: Any person who knowingly and with intent to injure, defraud, or deceive any 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*)*. **Applies in FL Only.*

Fraud Statements *Continued*

Applicable in KS: 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, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Applicable in KY, NY, OH and PA: 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 (*not to exceed five thousand dollars and the stated value of the claim for each such violation*)*. **Applies in NY Only.*

Applicable in ME, TN, VA and WA: 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 and denial of insurance benefits. **Applies in ME Only.*

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in PR: 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 a 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 by a fine of 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.

NOTICE TO APPLICANTS:

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 Signature _____ **Title** _____ **Date** _____

Producer Signature _____ **Title** _____ **Date** _____