



a stock insurance company, herein called the Insurer

THE HARTFORD CRIMESHIELD<sup>SM</sup> ADVANCED POLICY APPLICATION FOR COMMERCIAL, NON PROFIT AND GOVERNMENTAL ENTITIES

A. GENERAL INFORMATION

- 1) Name of Company:
2.) Address:
3.) Internet Address:
4.) Describe your principal business activity:
5.) Are you a: Public company Private company Governmental entity Non profit

B. COVERAGE REQUESTED

- 1.) Proposed Effective Date: From: To:
2.) Insuring Agreement Limit Deductible
1. Employee Theft
2. Employee Theft - Client Premises
3. Computer And Funds Transfer Fraud
4. Inside The Premises (Money, Securities, Other Property)
5. Outside The Premises (Money, Securities, Other Property)
6. Depositors Forgery or Alteration
7. Credit, Debit Or Charge Card Forgery
8. Money Orders And Counterfeit Currency
9. Investigative Expenses
10. Computer Systems Restoration Expenses
11. Identity Recovery Expenses Reimbursement

3.) Are there any entities within your operations that are 50% or less owned that you want covered under this policy? *If yes, please explain via a separate attachment naming and explaining the operations.*

Yes  No

4.) Has any similar insurance been declined or canceled during the past three years?  
*If Yes, please explain via a separate attachment.*

Yes  No

Please provide the following details regarding the Company's current crime insurance program <i>If not applicable, please check here:</i> <input type="checkbox"/>				
Insurer	Policy Period	Limit of Liability	Deductible	Premium
		\$	\$	\$

### C. COMPANY INFORMATION

1.) Latest fiscal year end revenues: \$ \_\_\_\_\_

List Countries in which you have operations	Type of Operation	# of Employees	# of Locations	Revenues
U.S. and Canada				\$
				\$
				\$
				\$
				\$
				\$
<b>TOTAL:</b>				\$

2.) Of the grand total of employees indicated above, how many are either in management or handle, have custody, or maintain records of money, securities or other property?: \_\_\_\_\_

### D. EMPLOYMENT PRACTICES

1.) Does the Insured conduct background checks to include the following:

- a. Prior employment verification?
- b. Record of criminal history?
- c. Drug testing?

Yes  No  
 Yes  No  
 Yes  No

### E. AUDIT CONTROLS

1.) Are your financial statements audited annually by a Certified Public Accountant?  
*If yes, and a private company, please attach most recent copy of CPA Audited financials.*

Yes  No

2.) Are all subsidiaries and locations included in the audit?

Yes  No

3.) Is there a CPA Management Letter commenting on internal control weaknesses and recommendations for improvement, and a response to those recommendations by management? *If Yes, please attach the most recent report.*

Yes  No

4.) If a CPA Management Letter was not issued, did the CPA make any informal

recommendations concerning internal control improvements?  Yes  No  
*If yes, please explain via a separate attachment.*

5.) Do you have an Internal Audit Department? If Yes, what is the staff size? \_\_\_\_\_  Yes  No  
If no, do you have someone with internal audit responsibilities?  Yes  No

6.) If any weaknesses are noted, is the department in question notified in writing and are corrective actions taken and monitored?  Yes  No

7.) Is accounting centralized or decentralized?  Centralized  Decentralized  
If decentralized, how often are branch transactions reviewed and audited by the central office? \_\_\_\_\_

8.) Do you have an employee "whistle blower" or fraud hot line program for reporting fraud?  Yes  No

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## F. DISBURSEMENT AND CHECK HANDLING CONTROLS

1.) 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

2.) Is a signature stamp used? If yes;  
a. Is it kept in a safe?  N/A  Yes  No  
b. Is a record kept of its use?  N/A  Yes  No

3.) Is blank check stock inventoried by someone who does not sign checks or reconcile bank accounts?  Yes  No

4.) Are check signers instructed to require that all checks be accompanied by properly approved vouchers before signing?  Yes  No

5.) Are disbursement functions separated from those who have cash receipt or cash refund duties?  Yes  No

6.) Are disbursement controls segregated so that no one employee can control a process from beginning to end (e.g. request check, approve voucher, sign check)?  Yes  No

7.) Are your foreign disbursement and check handling procedures identical to your domestic procedures?  N/A  Yes  No  
*If No, please explain the differences via a separate attachment.*

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## G. PURCHASING, INVENTORY AND VENDOR CONTROLS

1.) Are the duties of purchasing, receiving and shipping separate so that no one individual can control these functions from beginning to end? *If no, please explain via a separate attachment.*  Yes  No

2.) Are automated inventory systems and physical inventories reconciled to one another?  Yes  No  
If yes, how often? \_\_\_\_\_

a. Is the reconciliation performed by someone not involved with oversight of the physical inventory?  Yes  No

b. Are inventory variances in excess of established parameters immediately reported to auditing?  Yes  No

3.) Is an authorized vendor list utilized to assist in detecting payments to fictitious suppliers?  Yes  No

- 4.) Is the responsibility for authorizing vendors, approving invoices and processing payments segregated amongst different individuals?  Yes  No  
 If No, and one person has sole responsibility, does this person also have authority to sign checks and reconcile bank accounts?  Yes  No
- 5.) Are your systems and controls designed to prevent the entry of unauthorized vendors and duplicate invoices?  Yes  No
- 6.) Do you operate your own warehouse or warehouse for others?  Yes  No
- 7.) Do you have security guards/alarms and video cameras to protect inventory in your plants and warehouses?  Yes  No
- 8.) Do you use precious metals, stones, gems, or other high value items in your operations?  Yes  No  
 If yes:  
 a. Is access to this high value material restricted, controlled and monitored?  Yes  No  
*Please provide details via a separate attachment.*  
 b. Do you conduct daily inventories of this high value material?  Yes  No
- 9.) Are your foreign purchasing, inventory and vendor procedures identical to your domestic procedures?  N/A  Yes  No  
*If No, please explain the differences via a separate attachment.*

#### H. COMPUTER AND WIRE TRANSFER CONTROLS

- 1.) Are your systems programmed to detect and call to your attention unusual account activity?  Yes  No
- 2.) Is the authority to initiate and approve a wire transfer separated amongst different employees?  Yes  No
- 3.) Are wire transfers reconciled daily by a person not involved in approving or initiating the wire transfers?  Yes  No
- 4.) Have computer access controls been implemented that:  
 a. Automatically revoke user ID's upon termination of employment?  Yes  No  
 b. Encrypt password files for all applications and restrict access?  Yes  No
- 5.) Are business transactions performed over the internet? If yes;  Yes  No  
 a. Are firewall patches current and configured to restrict all IP communications except those necessary to conduct business?  N/A  Yes  No  
 b. Is firewall port scanning and penetration testing conducted regularly?  N/A  Yes  No
- 6.) Are your foreign wire transfer procedures identical to your domestic procedures?  N/A  Yes  No  
*If No, please explain the differences via a separate attachment.*

#### I. CLIENT PROPERTY (please complete if requesting Insuring Agreement 2 – Employee Theft – Client Premises)

- 1.) Do you maintain custody or control over assets, funds or materials of your clients?  Yes  No  
*If yes, please provide details via a separate attachment.*
- 2.) Do you perform any services for clients on the premises of the client? *If no, stop here for this section. If yes, please respond to the following questions;*  Yes  No  
 a. Describe the type of work being performed: \_\_\_\_\_
- b. How many of your employees will be working on the premises of your client(s)? \_\_\_\_\_
- c. Do you perform background checks (pre-employment verification, criminal history screening, drug testing) on all employees that will be working on the premises of clients?  Yes  No
- d. Will you have access to client's money, securities, banking systems, purchasing systems, payroll systems, accounting systems and/or wire transfer systems?  Yes  No

- e. Will employees have access to restricted areas of the client's premises, and will this be limited by keycards, locks, etc.?  Yes  No
- f. Will you be performing services during your clients' normal business hours?  Yes  No
- g. Will your employees be supervised and/or monitored by your client(s)?  Yes  No
- h. Will your employees be required to wear ID badges or carry special "non-employee" identification?  Yes  No

**I. MONEY & SECURITIES EXPOSURE**

1.) What is the maximum amount of money/securities at any one location?  
 Money: \_\_\_\_\_ Securities: \_\_\_\_\_ Negotiable Instruments: \_\_\_\_\_

**J. GOVERNMENTAL ENTITIES ONLY – (please respond to the following)**

- 1.) Is there a written investment policy?  Yes  No
- 2.) Are investment accounts periodically reviewed by an investment committee, board or auditor?  Yes  No
- 3.) Do trade confirmations go directly to someone other than the person executing the trade?  Yes  No

**K. LOSS EXPERIENCE**

LOSS EXPERIENCE		
List all fidelity and crime losses discovered or sustained in the last three years. Check here if none: <input type="checkbox"/>		
DATE OF LOSS	TYPE OF LOSS (Employee Dishonesty, Forgery, etc.)	AMOUNT OF LOSS

Please attach details of all losses including description, corrective action taken and amount covered by insurance.

**Insurance Fraud Warning**

Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance, or a statement of claim 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 in certain jurisdictions.

**State-Specific Warnings**

**ARKANSAS 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.**

**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 PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER 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.**

**DISTRICT OF COLUMBIA APPLICANTS: 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."**

**FLORIDA APPLICANTS: 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.**

**HAWAII APPLICANTS: FOR YOUR PROTECTION, HAWAII LAW REQUIRES YOU TO BE INFORMED THAT PRESENTING A FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT IS A CRIME PUNISHABLE BY FINES OR IMPRISONMENT, OR BOTH.**

**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.**

**LOUISIANA 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.**

**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. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.**

**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**

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

**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.**

**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.**

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

**OREGON APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD OR SOLICIT ANOTHER TO DEFRAUD AN INSURER: (1) BY SUBMITTING AN APPLICATION OR; (2) FILING A CLAIM CONTAINING A FALSE STATEMENT AS TO ANY MATERIAL FACT MAY BE VIOLATING STATE LAW.**

**PENNSYLVANIA APPLICANTS: 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.**

**PUERTO RICO APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD AN INSURANCE COMPANY 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 WITH THE PENALTY OF A FINE OF NOT LESS THAN FIVE THOUSAND (5,000) DOLLARS AND NOT MORE THAN TEN THOUSAND (10,000) DOLLARS, OR A FIXED TERM OF IMPRISONMENT FOR THREE (3) YEARS, OR BOTH PENALTIES. IF AGGRAVATED CIRCUMSTANCES PREVAIL, THE FIXED ESTABLISHED IMPRISONMENT MAY BE INCREASED TO A MAXIMUM OF FIVE (5) YEARS; IF EXTENUATING CIRCUMSTANCES PREVAIL, IT MAY BE REDUCED TO A MINIMUM OF TWO (2) YEARS.**

**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 IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."**

**TENNESSEE: 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.**

**VERMONT APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE STATEMENT IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIMINAL OFFENSE AND SUBJECT TO PENALTIES UNDER STATE LAW.**

**VIRGINIA 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.**

**WASHINGTON: 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."**

**WEST VIRGINIA: 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.**

**NEW YORK APPLICANTS: 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 MATERIAL FACT THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL BE ALSO SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.**

The Insured represents that the information furnished in this application is complete, true and correct. Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

**\*APPLIES TO GEORGIA, VIRGINIA APPLICANTS ONLY:** The Insured represents that the information furnished in this application is complete, true and correct. It is further agreed that if the above described declarations and statements are not true, accurate and complete, and are deemed material to the issuance of this Policy, any claim arising from any matter not truthfully, accurately or completely disclosed, or disclosed at all, shall be excluded from coverage.

**THE SIGNING OF THIS APPLICATION DOES NOT BIND THE COMPANY TO OFFER, NOR THE APPLICANT TO PURCHASE, THE INSURANCE. IT IS AGREED THAT THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED THEREWITH, SHALL BE THE BASIS OF THE INSURANCE. THE COMPANY WILL HAVE RELIED UPON THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED IN CONNECTION WITH THE APPLICATION PROCESS, IN ISSUING THE POLICY.**

**ELECTRONICALLY REPRODUCED SIGNATURES WILL BE TREATED AS ORIGINAL.**

Application completed by: \_\_\_\_\_  
(Name and Title)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Producer (Florida, Iowa Only): \_\_\_\_\_ Date: \_\_\_\_\_**

**Producer No. (Florida Only): \_\_\_\_\_**

**Producer Signature(New Hampshire only): \_\_\_\_\_**