

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 _____

1. Insuring Agreement

Limit of Insurance

Deductible

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

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. 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		

3. Audit Procedures (<i>continued</i>)	Yes	No
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		
4. 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"/>
Payroll		
k. Do you screen your employees for prior acts of dishonesty?	<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"/>

4. Internal Controls <i>(continued)</i>		Yes	No
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"/>
5. 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 (prohibiting gifts of any significant value)?		<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"/>
6. Prior Insurance		Yes	No
a. Has any similar insurance been declined or canceled during the past three years?		<input type="checkbox"/>	<input type="checkbox"/>
If yes, please explain _____			
b. Prior insurance to be superseded		<input type="checkbox"/> Check here if none	
Form of Insurance	Effective Date	Expiration Date	Limit of Insurance
			Name of Insurance Company

7. 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				

8. Classification of Employees and Locations

Classification of Employees (Including Full Time and Part Time)

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

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	

9. 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						

10. Property

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

11. 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). | | |

12. 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

13. Safe/Vault

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

14. Messenger Protection

Messenger #	# Guards per Messenger	Private Conveyance Used	Safety Satchel Used
		<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

15. Premises/Safe Protection

- | | | |
|--|---|--|
| a. What type of alarm(s) do you have at each of your premises? | | |
| <input type="checkbox"/> 1. Hold-up Alarm | <input type="checkbox"/> 2. Premises Alarm | <input type="checkbox"/> 3. Safe Alarm |
| <input type="checkbox"/> 4. Local Gong | <input type="checkbox"/> 5. Central Station Alarm | <input type="checkbox"/> 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 <input type="checkbox"/> partial <input type="checkbox"/> complete | | |
| d. Who installs and services your alarms? _____ | | |

15. Premises/Safe Protection (continued)

- 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.) _____

16. Internet Security

Yes

No

- | | 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? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, when and what controls have been implemented to prevent further incidences? _____ | | |

17. Business Activities

(check all that apply)

- | | |
|---|--------------------------|
| Are you or any of your subsidiaries involved in any of the following? | <input type="checkbox"/> |
| a. Trading? | <input type="checkbox"/> |
| b. Extending Credit? | <input type="checkbox"/> |
| c. Warehousing? | <input type="checkbox"/> |
| i. For Others? | <input type="checkbox"/> |
| ii. For Owned Equipment or Inventory? | <input type="checkbox"/> |

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** _____