



Executive Risk Insurance Services Limited

COMMERCIAL CRIME POLICY APPLICATION

Application is hereby made by:
 (Please attach a list of all Insureds, including Employee Benefit Plans)

Principal Address:

Policy Effective Period: to

Insuring Agreement
Deductible

Limit of Insurance

| | | |
|---|----|----|
| 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 , Income Fund , 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? | <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 annually or on a surprise basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| (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 a U.S. or foreign auditor? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Internal Controls: | Yes | No |
| <u>Bank Accounts:</u> | | |
| (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 cheques? | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Cheques & Securities:</u> | | |
| (c) Is countersignature of all cheques required? Above what amount? \$ | <input type="checkbox"/> | <input type="checkbox"/> |
| (d) Do all vouchers or other supporting record accompany all cheques to be signed? | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) Are vouchers/supporting records stamped "PAID" when cheques 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 cheque)? | <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"/> |
| <u>Accounts Receivable:</u> | | |
| (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"/> |
| <u>Payroll:</u> | | |
| (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"/> |
| <u>Shipping and Receiving</u> | | |
| (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"/> |
| | Yes | No |
| (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?

Supervision by Owner:

(u) Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director?

(v) Does that person:

| | | |
|---|--------------------------|--------------------------|
| Deposit all cash receipts? | <input type="checkbox"/> | <input type="checkbox"/> |
| Sign or countersign all cheques? | <input type="checkbox"/> | <input type="checkbox"/> |
| Check petty cash periodically? | <input type="checkbox"/> | <input type="checkbox"/> |
| Verify periodically accounts receivable? | <input type="checkbox"/> | <input type="checkbox"/> |
| Reconcile all bank accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| Verify shipping and receiving activities? | <input type="checkbox"/> | <input type="checkbox"/> |
| Review journal entries? | <input type="checkbox"/> | <input type="checkbox"/> |

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 amount?

(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 Canada?

5. Prior Insurance: Yes No

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):

| | | | | |
|-------------------|--------|------|---------|-------------|
| EMPLOYEES: | CANADA | U.S. | FOREIGN | GRAND TOTAL |
| LOCATIONS: | CANADA | U.S. | 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 Cheques) | Cheques (Excluding Retail Cheques) | Payroll Cheques | 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. Precious Metals

- (a) Do you handle, store or use for manufacturing, precious and/or non-precious metals?
- (b) Do you do any type of mining?

11. 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 |
|----------------|--------------------------------|-----------------------|-----------------------|---|-------------------|
| | | | | | |

12. Safe/Vault

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

13. Messenger Protection

| Messenger # | # Guards per Messenger | Private Conveyance Used? | | Safety Satchel Used? | |
|-------------|------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | | 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"/> |

14. Premises/Safe Protection

- (a) What type of alarm(s) do you have at each of your premises?
 - Hold-up Alarm
 - Premises Alarm
 - Safe Alarm
 - Alarm
 - Local Gong
 - Central Station
 - 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.):

15. 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? | <input type="checkbox"/> | <input type="checkbox"/> |
| (g) If "Yes" to question (f), when and what controls have been implemented to prevent further incidences? | <input type="checkbox"/> | <input type="checkbox"/> |

16. 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.

CEO/CFO of Applicant

Name

Signature

Date:

For the purposes of the Insurance Companies Act (Canada), this document was issued in the course of Lloyd's Underwriters' insurance business in Canada.