

Crime Coverage Section Application (Large Public Company > \$1B revenues)

BY COMPLETING THIS CRIME APPLICATION THE APPLICANT IS APPLYING FOR COVERAGE WITH CHUBB INSURANCE COMPANY OF CANADA (THE “COMPANY”) ON EXECUTIVE PROTECTION POLICY FORM CE 14-02-4028.

CRIME APPLICATION INSTRUCTIONS

1. Whenever used in this Crime Application, the term "**Applicant**" shall mean the Parent Organization and all organizations applying for coverage.
2. Please attach a copy of the following for every **Applicant** seeking coverage:
 - A copy of the Internal Auditors Audit Plan for the current year
 - A copy of the **Applicant**'s most recent audited financial statement
 - A copy of the **Applicant**'s CPA management letter on internal controls and management's response
3. Include all requested underwriting information and attachments. Provide a complete response to all questions, including an explanation of any "No" answers referenced in the application. Attach additional pages if necessary.

I. NAME, ADDRESS AND CONTACT INFORMATION

1. Name of **Applicant**:

2. Address of **Applicant**:

City:

Province:

Postal Code:

Telephone:

3. Web Address:

4. Name /Address of Primary Contact:

Email of Primary Contact:

City:

Province:

Postal Code:

Telephone:

II. GENERAL INSURANCE INFORMATION

1. Please indicate below, by placing an X in the box, which coverages are being requested and complete the table accordingly:

Coverage Requested	Limit Requested	Limit Currently Purchased	Deductible Currently Purchased	Current Insurer
<input type="checkbox"/> Crime	\$	\$	\$	
<input type="checkbox"/> Robbery	\$	\$	\$	
<input type="checkbox"/> In Transit	\$	\$	\$	
<input type="checkbox"/> Forgery of a Financial Instrument	\$	\$	\$	
<input type="checkbox"/> Funds Transfer Fraud	\$	\$	\$	
<input type="checkbox"/> Computer Fraud	\$	\$	\$	
<input type="checkbox"/> Money Orders and Counterfeit Currency	\$	\$	\$	
<input type="checkbox"/> Corporate Credit Card Fraud	\$	\$	\$	
<input type="checkbox"/> Client Coverage	\$	\$	\$	
<input type="checkbox"/> Expenses	\$	\$	\$	
<input type="checkbox"/> Other (Specify):	\$	\$	\$	

2. Policy Period Requested: From _____ To _____ both days at 12:01 a.m. at the principal address of the Parent Organization.

3. **Applicant's** Province of _____, and date established: _____
Incorporation:

4. Describe (or attach a description of) the **Applicant's** operations:

5. Please complete the following Table (attach additional sheets if necessary):

Countries where Applicant has operations	Type of Operation	Number of Locations	Number of Employees	Revenues
				\$
				\$
				\$
TOTAL:				\$

6. If the **Applicant** has operations outside of the Canada, is this policy (if issued) intended to act as a Master Difference in Conditions and Difference in Limits policy? Yes ☐ No ☐

If "Yes", please attach the following information for each country in which the **Applicant** requests locally admitted policies:

- a) Name and address of local subsidiary
- b) Country of domicile and date established
- c) Percentage of ownership
- d) Description of operations
- e) Revenues, assets and employee figures for the most recent year ended

7. Please attach the following information for any joint venture or subsidiary for which the **Applicant** is requesting coverage:

- a) Name of subsidiary or joint venture
- b) Country of domicile and date established
- c) Percentage of ownership
- d) Description of operations
- e) Identify the responsibilities of the **Applicant** in any joint venture, including participation status such as General Partner, Managing Partner, investor, etc.

8. Are all entities described above (or in an attachment to this Application) owned, controlled, or operated by the **Applicant**? Yes ☐ No ☐

If "No", please attach a detailed description of the differences for each entity listed.

9. Are all entities described above (or in an attachment to this Application) subject to the same controls as described in this Application? Yes ☐ No ☐

10. Please provide the following information for any mergers or acquisitions completed by the **Applicant** in the past 12 months:

- a) Name of company acquired
- b) Date of the transaction
- c) Description of operations acquired
- d) Annual revenues
- e) Number of employees

11. Has the **Applicant** fully integrated all entities acquired during the past 12 months into its internal control framework, including all financial controls involved in receivables, payables, vendors, human resources, payroll and financial reporting? Yes ☐ No ☐

If "No", please attach details of the integration process and which internal controls remain outside the control framework described within this application.

III. CRIME COVERAGE SPECIFIC INFORMATION

1. Does the **Applicant** provide any financing in the course of its business, including but not limited to leases, loans or factoring? Yes ☐ No ☐

If "Yes", please attach a detailed explanation, including control procedures specific to the verification of credit worthiness and procedures for releasing of funds to customers.

2. Does the **Applicant** operate any financial institution, advisor, bank, escrow company, collections agency or similar type of business? Yes ☐ No ☐

If "Yes", please attach a detailed description of such operations.

Human Resources and Payroll

1. Are the following policies and procedures in place in all business units?

a) Social insurance number verification (or verification of other national identification) Yes ☐ No ☐

b) Reference checks with all prior employers during the last 5 years Yes ☐ No ☐

c) Credit check for all financially sensitive positions Yes ☐ No ☐

d) Criminal background checks in all jurisdictions where the prospective employee has lived for the last 5 years Yes ☐ No ☐

e) Drug testing Yes ☐ No ☐

f) Education and training verification Yes ☐ No ☐

If "No" to any of the above, please attach an explanation.

If "No", would **Applicant** be interested in receiving additional information about loss control services available to help establish such background check controls? Yes ☐ No ☐

2. Are managers periodically provided with the names and salaries of all employees assigned to them for verification? Yes ☐ No ☐

If "Yes", how often?

3. Are management policies and computer system controls in place to prevent those who approve new hires from adding them to the payroll? Yes ☐ No ☐

4. Are additions to the payroll system automatically reported via computer system to a Human Resources manager who reconciles payroll changes with new hire documentation? Yes ☐ No ☐

5. Does audit department audit the payroll system at least annually to detect ghost employees? Yes ☐ No ☐

6. Are IS/IT and accounting departments restricted from access to the payroll computer system? Yes ☐ No ☐

7. Are all human resource and payroll policies and procedures performed consistently across all business units, both domestic and international? Yes ☐ No ☐

Auditing Procedures

INTERNAL AUDIT

1. Does the **Applicant** have an internal audit department? Yes ☐ No ☐

If "Yes", please complete the table below to describe how many professionals and in what functional areas?

	Currently	Next Year	Three Years Ago
Finance			
Corporate Security			
IT Compliance			
Loss Prevention			

- If "No", does the **Applicant** outsource any part of these functions to a third party? Yes ☐ No ☐

If "Yes", please attach a description.

2. Does the audit department receive automatic exception reports on suspect financial transactions and trends? Yes ☐ No ☐

- If "No", are these manually generated? Yes ☐ No ☐

If "Yes" to manually generated, how often?

3. Does the audit schedule include a physical visit to all subsidiary and joint venture locations at least every three years regardless of size? Yes ☐ No ☐

4. Please outline the percentage of total audit hours assigned to the following categories:

Audit Focus	Currently	Next Year
General Internal Auditing		
Fraud Investigation/Prevention		
Operational Effectiveness		
IT Auditing		
Regulatory Compliance		
Strategic Business Risks		
External Audit Assistance		
Other (please specify)		

Please attach a copy of the current year's audit plan from the internal auditors.

5. Does the **Applicant** maintain a hotline or other mechanism to allow for the anonymous reporting of tips on suspect financial transactions? Yes ☐ No ☐

If "Yes", is the hotline in the local language and available to all employees in all jurisdictions in which the **Applicant** operates? Yes ☐ No ☐

If "No", would the **Applicant** be interested in receiving additional information about loss control services available to help establish a reporting hotline? Yes ☐ No ☐

EXTERNAL AUDIT

1. Does an independent CPA provide you with a management letter annually? Yes ☐ No ☐

If "No", please attach an explanation.

2. Is each corporate location subjected to periodic external audits? Yes ☐ No ☐

3. Is there a CPA letter issued to management relating to internal control weaknesses? Yes ☐ No ☐

If "Yes", please attach a copy with management's responses.

4. Are audit reports furnished to senior management and the board of directors? Yes ☐ No ☐

5. Has the **Applicant** changed its external auditors in the last five years? Yes ☐ No ☐

If "Yes", please describe the auditor engagement history, and the reasons for the change(s). Yes ☐ No ☐

WIRE TRANSFERS

1. What is the daily average number and value of wire transfers performed?

a. Domestic Number: Value:

b. Foreign Number: Value:

2. Are there maximum values for non-repeating wire transfers per day? Yes ☐ No ☐

If "Yes", please indicate: Number: Value:

3. Is approval by more than one person required to initiate a non-repeating wire transfer? Yes ☐ No ☐

4. Who in the **Applicant's** Organization has the authority to initiate a wire transfer?

Name(s): , Position(s):

5. Can wire transfer authority be delegated to anyone verbally or in writing? Yes ☐ No ☐
6. If online banking software is used to perform wire transfer functions, is access to the portal restricted to specific users and terminals? Yes ☐ No ☐
7. Does the **Applicant** have software safeguards in place to prevent access to transfer software or online banking portals? Yes ☐ No ☐
- If "Yes", does the software provide an active audit trail of user access and transaction history? Yes ☐ No ☐
8. Has the **Applicant** taken advantage of all security programs made available to it by its banking partners? Yes ☐ No ☐
- If "No", please attach a description of the services opted out of and the rationale for disabling these protections.
9. Are wire transfers reconciled daily by a person who did not approve or transmit such wire transfers? Yes ☐ No ☐
10. Are finance employees that are responsible for wire transfer provided anti-fraud training, including but not limited to detection of social engineering, phishing and other scams? Yes ☐ No ☐
11. Are international and domestic wire transfer procedures performed consistently across all business units, both domestic and international? Yes ☐ No ☐

If "No", please explain any differences in an attachment to this application.

VENDOR CONTROLS

1. Has a numbered purchase order system been implemented and is it being followed? Yes ☐ No ☐
2. Has an approved master vendor list been established? Yes ☐ No ☐
- If "No", please describe controls in place to track vendor relationships throughout the organization.
3. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list? Yes ☐ No ☐
- If "Yes", do these procedures include a check of the following:
- a. Physical Address: Yes ☐ No ☐
- b. Tax ID or SIN Check for veracity Yes ☐ No ☐
- c. Financial Capability / Credit Check Yes ☐ No ☐
- d. Criminal History Yes ☐ No ☐
- e. Other fraud checks: ex. Internet search, References (please describe)

4. Are levels of purchasing authority established in writing throughout your organization? Yes ☐ No ☐
- If "Yes", what are these levels and are they reviewed at least annually for reasonableness? Yes ☐ No ☐
5. Are names and addresses for all vendors checked against employee databases to determine potential conflicts of interest? Yes ☐ No ☐
6. Is due diligence conducted by someone other than the person requesting such addition or with authority and/or ability to add or change the vendor's file in the master list? Yes ☐ No ☐
7. Can any person authorized to make or process payments also make changes to the master vendor list (additions, removals, account updates)? Yes ☐ No ☐
8. How often are dormant vendors removed from the master vendor list?
9. Are automatic exception reports listing disbursements made by check or wire generated and reviewed by management or internal audit staff to identify unusual payments? Yes ☐ No ☐
- If "No", are these manually generated, and if so, how frequently? Yes ☐ No ☐
10. Are international and domestic purchasing procedures and controls consistent? Yes ☐ No ☐
- If "No", please attach a description of the differences.

ACCOUNTS PAYABLE CONTROLS

1. Are all invoices verified against a corresponding purchase order, receiving report, and authorized master vendor list prior to issuing payment? Yes ☐ No ☐
2. Is a monthly reconciliation conducted of all bank accounts by someone who does not handle deposits, sign cheques or have access to electronic or mechanical signatures? Yes ☐ No ☐
3. Are cheque signing authorities and dual control requirements established in writing? Yes ☐ No ☐
4. Do all cheques require countersignature? Yes ☐ No ☐
- If "No", at what dollar threshold is countersignature required?
- \$
5. Are invoices, purchase orders, and cheque runs reconciled daily by an independent party? Yes ☐ No ☐

6. Does the company use Positive Pay or Reverse Positive Pay to reduce the risk of unauthorized payments? Yes ☐ No ☐

7. Can a manual cheque be written outside of the AP system? Yes ☐ No ☐

If "Yes", please attach a description of their use and the controls in place to prevent fraud.

8. Is access to blank and cancelled cheques, as well as to cheque writing software stored under dual control with documented access? Yes ☐ No ☐

9. Is a perpetual inventory in place for blank cheques? Yes ☐ No ☐

10. Are daily inventories taken of blank cheques? Yes ☐ No ☐

11. Are all expense reports reviewed and approved by someone that is familiar with the employee's travel, entertainment and spending history prior to payment? Yes ☐ No ☐

12. Does the accounts payable system automatically produce exception reports to notify management of potential fraudulent transactions or trends? Yes ☐ No ☐

If "No" are exception reports manually generated? Yes ☐ No ☐

13. How frequently are exception reports generated? and under what circumstances?

14. Are all accounts payable processes centralized? Yes ☐ No ☐

15. Are international and domestic accounts payable procedures and controls consistent? Yes ☐ No ☐

If "No", please attach a description of the differences.

INVENTORY CONTROLS

1. Is a perpetual inventory maintained for:

a. Stock, including raw materials, and manufacturing components? Yes ☐ No ☐

b. Manufactured or finished goods? Yes ☐ No ☐

c. Scrap? Yes ☐ No ☐

2. Do inventory procedures enable accurate accounting of all inventory items listed above at each stage of the manufacturing or production process? Yes ☐ No ☐

3. Are daily cycle counts conducted such that each inventory item is counted during the year? Yes ☐ No ☐

If "No", please attach a description of the cycle count procedure and how it applies to the **Applicant's** inventory.

4. Are physical inventory counts conducted at least annually and reconciled with the perpetual inventory system? Yes ☐ No ☐

If "Yes":

- a. Is the reconciliation performed by someone not associated with the control of physical inventory? Yes ☐ No ☐

- b. Are inventory variances outside established parameters reported to auditing? Yes ☐ No ☐

5. Does the **Applicant** use, hold, purchase or sell precious metal, stone or other high value items in the course of its business, whether in manufacturing or as an end product? Yes ☐ No ☐

If "Yes":

- a. Is access to such materials restricted, physically controlled and monitored? Yes ☐ No ☐

If "Yes", please attach details of such controls.

- b. Are daily inventories conducted of all high value items, including scrap used in their production? Yes ☐ No ☐

- c. Please provide the average _____ and maximum value _____ at each location.

6. Does the **Applicant** use, hold, purchase or sell any base metal, such as steel, copper, aluminum, nickel or iron in its production? Yes ☐ No ☐

- If "Yes", are scrap inventory levels monitored and reviewed for suspicious deviations from historical levels? Yes ☐ No ☐

7. Are international and domestic inventory procedures and controls consistent? Yes ☐ No ☐

If "No", please attach a description of the differences.

MONEY AND SECURITIES CONTROL

1. State the total value of negotiable securities held on premise: \$ ☐ N/A

2. If any securities are held on premises, are burglary safes used, and do procedures require that two authorized individuals be present before entry to any safe is permitted? Yes ☐ No ☐

☐ N/A

3. What is the maximum amount held at, or transported from, any one location?

Cash: \$ Cheques: \$ Negotiable Securities: \$ ☐ N/A

4. Are cash, cheques or negotiable securities transported at any time by anyone other than an armored car service? Yes ☐ No ☐

If "Yes", please attach a description of who is authorized to transport money or securities on behalf of the **Applicant** and the procedures in place to protect it while in transit.

COMPUTER SYSTEMS PROTECTION

1. 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 ☐

2. Have computer access controls been implemented that include the following?

a. Passwords are required to be alpha/numeric and 6-9 characters, system enforced Yes ☐ No ☐

b. User IDs are automatically revoked upon separation of employment Yes ☐ No ☐

c. Password files are encrypted for all applications and access is restricted Yes ☐ No ☐

3. Are firewalls configured to restrict all IP communications (except those necessary to conduct business) and are firewall security patches current? Yes ☐ No ☐

4. Are firewall port scans and penetration tests conducted? Yes ☐ No ☐

If "Yes", how often are the tests run?

5. Are Intrusion Detection Systems network-based?

a. Is host-based IDS software installed? Yes ☐ No ☐

b. Are all patches current? Yes ☐ No ☐

If "Yes", how frequently are logs reviewed for suspicious activity?

6. Does the **Applicant** have a formal process for authenticating all transactions done electronically prior to shipping product or authorizing payment? Yes ☐ No ☐

If "Yes", please attach a complete description of the methods utilized to authenticate these transactions.

7. Are computer systems used for financial transactions based on a common platform across all business units, both domestic and international? Yes ☐ No ☐

If "No", please attach a description of the differences.

CLIENT SERVICES

1. Do any clients require the **Applicant** to be bonded or carry crime insurance? Yes ☐ No ☐

☐ N/A

If "Yes," please explain and specify the amount: \$

If the amount specified in response to Question 1, above, is greater than the amount requested for Employee Theft Coverage in Section II, Question 1, please attach the following:

- a. A complete copy of the contract requiring higher limits
- b. Approximate revenue derived annually from the contract
- c. Approximate number of employees assigned to the contract
- d. Description of goods or services provided and controls in place to prevent theft of client assets by employees

2. Does the **Applicant** have custody or control over any funds, accounts, or materials of any of its clients, including but not limited to escrow or trust accounts? Yes ☐ No ☐

☐ N/A

If "Yes", please describe:

3. Do the **Applicant's** employees have access to any client(s) accounting, payroll or purchasing systems? Yes ☐ No ☐

☐ N/A

LOSS EXPERIENCE

List all employee theft, burglary, robbery, forgery, computer fraud or other crime losses discovered by the **Applicant** in the last five years, itemizing each loss separately (attach additional pages if necessary):

☐ Check if none.

Date of Loss	Description of Loss (Include controls that were circumvented, controls that were missing, and steps taken to remediate the causes of the loss)	Total Amount of Loss (\$)	Please indicate whether or not the loss was covered under another insurance policy and include the carrier's name	
			Covered?	Carrier's Name
		\$	Yes <input type="checkbox"/> No <input type="checkbox"/>	
		\$	Yes <input type="checkbox"/> No <input type="checkbox"/>	
		\$	Yes <input type="checkbox"/> No <input type="checkbox"/>	

IV. MATERIAL CHANGE

If there is any material change in the answers to the questions in this Crime Application before the policy inception date, the **Applicant** must immediately notify the Company in writing, and any outstanding quotation may be modified or withdrawn.

V. DECLARATIONS, FRAUD WARNINGS AND SIGNATURES

The **Applicant's** submission of this Crime Application does not obligate the Company to issue, or the **Applicant** to purchase, a policy. The **Applicant** will be advised if the Crime Application for coverage is accepted. The **Applicant** hereby authorizes the Company to make any inquiry in connection with this Crime Application.

The undersigned authorized agents of the person(s) and entity(ies) proposed for this insurance declare that to the best of their knowledge and belief, after reasonable inquiry, the statements made in this Crime Application and in any attachments or other documents submitted with this Crime Application are true and complete. The undersigned agree that this Crime Application and such attachments and other documents shall be the basis of the insurance policy should a policy providing the requested coverage be issued; that all such materials shall be deemed to be attached to and shall form a part of any such policy; and that the Company will have relied on all such materials in issuing any such policy.

The information requested in this Crime Application is for underwriting purposes only and does not constitute notice to the Company under any policy of a Claim or potential Claim.

dd/mm/yyyy

Date

Signature

Title

*This Crime Application must be signed by the risk manager or a senior officer of the Parent Organization acting as the authorized representative of the person(s) and entity(ies) proposed for this insurance.

Submitted by: _____

Agency/Brokerage: _____

Phone: () _____

Fax: () _____

Email: _____