GREAT AMERICAN INSURANCE GROUP

Comprehensive Asset Protection Policy Application For Mercantile Entities

Application is hereby made by _____

_____

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

Address _____

City _____ Province _____ Postal Code _____

Website _____ Policy Effective Period _____ To _____

1. Insuring Agreement

		Limit of Insurance Per Occurrence	Deductible Per Occurrence
a.	1. Employee Theft	$_____	$_____
	2. Employee Theft of Clients Property	$_____	$_____
	3. ERISA Theft	$_____	$_____
b.	Forgery or Alteration	$_____	$_____
c.	1. Inside the Premises	$_____	$_____
	2. Outside the Premises	$_____	$_____
d.	1. Computer Hacking	$_____	$_____
	2. Fraudulently Induced Transfer	$_____	$_____
	3. Funds Transfer Fraud	$_____	$_____
	4. Destruction of Data by Hacker	$_____	$_____
e.	Money Orders and Counterfeit Paper Cash	$_____	$_____
f.	Credit, Debit or Charge Card Forgery	$_____	$_____
g.	Claims Expense Coverage	$_____	$_____

Coverage Amendments *(Endorsements)* _____

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

2. Description of your organization

a. Legal Entity

☐ Proprietorship ☐ Partnership ☐ Corporation ☐ Other _____ Date of Establishment _____

b. Classify your predominant business activity

☐ Manufacturer ☐ Processor ☐ Wholesaler ☐ Distributor

☐ Retailer ☐ Servicer ☐ Other _____

c. Please describe the products or services of your predominant business or activity

		Yes	No
d.	Do you or any of your subsidiaries operate in any capacity differently than what is listed above?	☐	☐

If yes, please provide details. If necessary, please attach response on a separate page.

2. Description of your organization *Continued*

		Yes	No
e.	Have you completed any mergers or acquisitions within the past year? **If yes**, please provide details as to the name of company acquired, date of transaction, description of operations, asset size and number of employees.	☐	☐
f.	Has there been any change in ownership or management within the past three years? **If yes**, please provide an explanation on a separate page, unless otherwise indicated.	☐	☐

3. Classification of Employees and Locations

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

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

4. 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	Gross Loss	Claim Status Open	Claim Status Closed
				☐	☐
				☐	☐
				☐	☐
				☐	☐

Comments/Corrective Action Taken – If necessary, please attach response on a separate page.

5. Financial Status *(per latest FYE)*

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

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

6. Audit Procedures

		Yes	No
a.	Are your annual financial statements audited by a public accountant?	☐	☐
b.	Is the public accountant's opinion unqualified?	☐	☐
c.	Does it include all interests and locations on an annual basis?	☐	☐

6. Audit Procedures *Continued*

		Yes	No
d.	Have all recommendations made by the accountant been adopted?	☐	☐
e.	Are all reports sent directly to the Owner, Partners or Directors?	☐	☐
f.	Is there an internal audit department? **If yes**, what is the headcount? _____	☐	☐
g.	Does the internal audit department conduct an audit of all interests ☐ Annually ☐ Surprise Basis		
h.	Is there a formal audit program?	☐	☐
i.	Does the auditor have the authority to check anyone and any record at any time?	☐	☐
j.	Does the auditor originate entries?	☐	☐
k.	If weaknesses are discovered, does the auditor report in writing to the First Named Insured?	☐	☐
l.	Do you audit your Wire Transfer procedures?	☐	☐
m.	Are foreign locations audited at least annually?	☐	☐
n.	Are foreign locations audited by ☐ Canadian Auditor ☐ Foreign Auditor		
o.	Briefly describe the company's fraud reporting controls, such as hotline, anonymous reporting, etc., used to report allegations of fraud, either internally or externally, domestically or foreign.		

7. Internal Controls

		Yes	No
Bank Accounts			
a.	Are bank accounts reconciled monthly?	☐	☐
b.	Are bank accounts reconciled by someone not authorized to deposit, withdraw, or write cheques?	☐	☐
Cheques & Securities			
c.	Is countersignature of all cheques required? Above what amount? _____ **If no**, describe the system in effect to prevent unauthorized issuance of cheques:	☐	☐
d.	Is a Positive Pay system utilized with your financial institution?	☐	☐
e.	Do all vouchers or other supporting records accompany all cheques to be signed?	☐	☐
f.	Are vouchers/supporting records stamped "PAID" when cheques are signed?	☐	☐
g.	Are all incoming cheques scanned within the date received or stamped "For Deposit Only"?	☐	☐
h.	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)?*	☐	☐
i.	Are securities subject to the joint control of two or more employees?	☐	☐
j.	Are all controls and procedures consistent throughout all locations including foreign locations?	☐	☐
Accounts Receivable			
k.	Are at least 20% of all of the accounts receivable periodically verified by direct contact with the customers?	☐	☐

7. Internal Controls *Continued*	Yes	No
Payroll		
l. Are background checks performed on all new hires? Check all that apply: ☐ Criminal ☐ Credit ☐ Prior Employment ☐ References ☐ Drug Testing	☐	☐
1. Have you hired or retained persons with prior acts of dishonesty convictions?	☐	☐
2. **If yes**, do you have employees working in the State of New York?	☐	☐
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?	☐	☐
4. Do you maintain documentation of your New York State Corrections Law Article 23-A assessment?	☐	☐
m. Does the audit department have a program in place to detect potential ghost employees and is the payroll system audited annually at a minimum?	☐	☐
n. Is payroll processed by persons other than those who distribute it to employees?	☐	☐
o. Are all persons who are authorized to hire and/or fire employees prohibited from distributing the payroll?	☐	☐
Shipping and Receiving		
p. Are all persons engaged in purchase or sales activities prohibited from taking part in shipping and receiving activities?	☐	☐
q. Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?	☐	☐
r. Does any employee have access to the purchasing system and also the accounts payable system?	☐	☐
s. Is all purchasing centralized out of your main office?	☐	☐
t. Do you have a system to detect payment to fictitious suppliers?	☐	☐
u. Are cash or credits on return purchases supervised by at least two persons?	☐	☐
Supervision by Owner		
v. Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director?	☐	☐
w. Does that person		
1. Deposit all cash receipts?	☐	☐
2. Sign or countersign all cheques?	☐	☐
3. Check petty cash periodically?	☐	☐
4. Verify periodically accounts receivable?	☐	☐
5. Reconcile all bank accounts?	☐	☐
6. Verify shipping and receiving activities?	☐	☐
7. Review journal entries?	☐	☐

8. Cryptocurrency		Yes	No
a.	Do you own, hold or accept as payment any form of cryptocurrencies? **If yes**, please provide a list of all cryptocurrencies and their current values on a separate page.	☐	☐
b.	How are these secured? ☐ In a wallet ☐ exchange ☐ hot *(connected to the internet)* ☐ cold *(not connected to the internet)*		
c.	Please describe the form of cold storage.		
	Is a qualified third-party custodian responsible for holding your cryptocurrencies in cold storage? Please provide details on a separate page.	☐	☐
d.	Please provide a detailed description of the form of hot storage and what controls are in place to avoid a loss.		
e.	Do you maintain a secure log for every transaction including address, keys and algorithms?	☐	☐
	Does this log include the date of receipt and the amount transacted?	☐	☐
f.	Do you have segregation of duties for the logs and employees who handle the cryptocurrencies?	☐	☐
g.	What audit procedures are in place and how often do you do a reconciliation of the cryptocurrencies?		
h.	If you are not currently using cryptocurrencies do you anticipate using them in the current policy period? **If yes**, provide detailed information on which ones, and storage controls on a separate page.	**Yes** ☐	**No** ☐

9. 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?	☐	☐
c.	Are all payment instructions executed under a sequential numbering system?	☐	☐
d.	Is there an internal audit department which includes E.D.P. auditing?	☐	☐
e.	If there is no internal audit department, please advise how this function is fulfilled: _____		
f.	If you utilize consultants, do you change passwords immediately after they finish their work?	☐	☐
g.	What is the total daily volume of funds transferred? _____		
h.	What is the largest amount one person can transfer? _____		
i.	What is the daily average size of transfers? _____		
j.	Are all funds transfer functions handled by banks and/or financial institutions?	☐	☐
k.	Do you have facilities to transfer funds yourself without involving third parties?	☐	☐
l.	Are all telephone transfer instructions given to banks confirmed in writing within 24 hours?	☐	☐
m.	Is there segregation of duties so that no one employee can initiate and complete transactions without approval by others?	☐	☐
n.	Do you change employee passwords immediately upon their termination?	☐	☐

9. Funds Transfer Procedures *Continued*

		Yes	No
o.	Describe controls in place to prevent unauthorized use of computers by employees or others? *(i.e. are computer rooms locked, maintenance ports protected, etc)*		
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?	☐	☐
r.	How do you detect whether an employee has exceeded their authority? _____		

10. Fraudulently Induced Transfer

		Yes	No
a.	Do you verify the legitimacy of all requests made by the following to establish or change the transfer funds *(banking instructions)* procedures by calling them back at a predetermined telephone number:		
	1. Customers	☐	☐
	2. Vendors	☐	☐
	3. Employees *(employees also include any employee or owner at any level requesting either a change in funds transfer instructions or new funds transfer instructions, for whatever reason)*.	☐	☐
b.	**If no**, please provide detailed information on the procedures and controls you have in place to avoid a loss. If necessary, please attach response on a separate page.		
c.	Do you conduct periodic phishing tests on all employees?	☐	☐

11. Vendor Information

		Yes	No
a.	Are background checks performed on all vendors in order to determine ownership and financial capability prior to doing business with them?	☐	☐
b.	Is an authorized master vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts?	☐	☐
c.	Is the authorized master vendor list reviewed at least annually to remove all dormant vendors?	☐	☐
d.	Which department maintains and updates the authorized/pre-approved listing of vendors *(e.g., accounts payable, procurement)*? _____		
e.	Are requisitions and purchase orders issued only after the approval of specified personnel within specified limits?	☐	☐
f.	Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparisons to authorized vendor lists and receiving reports?	☐	☐
g.	Are perpetual inventories maintained of materials and supplies and periodically verified by physical count?	☐	☐
h.	Are vendors provided with a statement of your conflict of interest and gift policy *(prohibiting gifts of any significant value)*?	☐	☐
i.	Are vendors asked to disclose any gifts or favors offered or requested or other questionable behavior by employees?	☐	☐
j.	Do the same controls apply to locations outside of Canada?	☐	☐
k.	Do any of these department employees *(see above question)* have invoice approval, cheque/payment approval, signature, or bank account reconciliation responsibilities? **If yes**, provide details.	☐	☐

12. ERISA Fraud or Dishonesty

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

Name of Plan	Plan assets	Limit requested

		Yes	No
b.	Are the assets of the Plan(s) audited at least annually by an independent CPA?	☐	☐
c.	Are the assets of the Plan(s) administered by an independent third party?	☐	☐
d.	Name and address of administrator		
e.	Are any of the Plan assets non-qualified?	☐	☐

(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. _____ %

13. Prior Insurance

		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

14. Money - Securities

a. Provide the maximum amount held at, or transported from, for all locations.

Cash: $_____ Cheques: $ _____ Negotiable Securities: $ _____

15. Valuable Metals

		Yes	No
a.	Do you handle, store or use for manufacturing, valuable or precious and/or non-precious metals, stones or other high value materials?	☐	☐
b.	Please provide average value _____ and maximum value _____ for each location.		
c.	Please provide details as to how these materials are secured, inventoried and audited.		
d.	How are scrap materials accounted for? _____		
e.	Any type of mining?	☐	☐

If yes, please complete our Valuable Metals Questionnaire *(available upon request)*.

16. 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 _____

	Yes	No
Do you store all negotiable securities and/or cash in a secured safe/vault?	☐	☐

b. Please describe any additional protection *(e.g. fences, floodlights, cameras, etc.)* _____

17. Internet Security

		Yes	No
a.	Do you buy or sell goods via the internet?	☐	☐
b.	Do you have a firewall?	☐	☐
c.	Do you have an intrusion detection system that identifies unauthorized access?	☐	☐
d.	Do you have documented internet guidelines for employees?	☐	☐
e.	Do you have documented emergency procedures?	☐	☐
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?

_____

18. 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?	☐
d.	Issuing, managing, or servicing Financial Transaction Cards *(including but not limited to prepaid debit/credit cards)*?	☐

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.

This document was issued or made by the Company in the course of its insurance business in Canada.

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

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