



Comprehensive Asset Protection 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 _____

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) _____

Is Kidnap, Ransom, and Extortion Coverage Desired? (Separate application required)

Yes

☐

No

☐

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	U.S.	Canada	Foreign	Grand Total
Locations	U.S.	Canada	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
Claim Status

Date of Occurrence	Type/Description of Occurrence or Claim	Date of Claim	Gross Loss	Open	Closed
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

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?	<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 an internal audit department? If yes, what is the headcount? _____	<input type="checkbox"/>	<input type="checkbox"/>
g. Does the internal audit department conduct an audit of all interests <input type="checkbox"/> Annually <input type="checkbox"/> Surprise Basis		
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		
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?	<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? _____ If no, describe the system in effect to prevent unauthorized issuance of checks:	<input type="checkbox"/>	<input type="checkbox"/>
d. Is a Positive Pay system utilized with your financial institution?	<input type="checkbox"/>	<input type="checkbox"/>
e. Do all vouchers or other supporting records accompany all checks to be signed?	<input type="checkbox"/>	<input type="checkbox"/>
f. Are vouchers/supporting records stamped "PAID" when checks are signed?	<input type="checkbox"/>	<input type="checkbox"/>
g. Are all incoming checks scanned within the date received or stamped "For Deposit Only"?	<input type="checkbox"/>	<input type="checkbox"/>
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 check)?	<input type="checkbox"/>	<input type="checkbox"/>
i. Are securities subject to the joint control of two or more employees?	<input type="checkbox"/>	<input type="checkbox"/>
j. Are all controls and procedures consistent throughout all locations including foreign locations?	<input type="checkbox"/>	<input type="checkbox"/>
Accounts Receivable		
k. Are at least 20% of all of the accounts receivable periodically verified by direct contact with the customers?	<input type="checkbox"/>	<input type="checkbox"/>

7. Internal Controls *Continued*

	Yes	No
Payroll		
l. Are background checks performed on all new hires?	<input type="checkbox"/>	<input type="checkbox"/>
Check all that apply: <input type="checkbox"/> Criminal <input type="checkbox"/> Credit <input type="checkbox"/> Prior Employment <input type="checkbox"/> References <input type="checkbox"/> Drug Testing		
1. Have you hired or retained persons with prior acts of dishonesty convictions?	<input type="checkbox"/>	<input type="checkbox"/>
2. If yes , do you have Employees working in the State of New York?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you maintain documentation of your New York State Corrections Law Article 23-A assessment?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
n. Is payroll processed by persons other than those who distribute it to employees?	<input type="checkbox"/>	<input type="checkbox"/>
o. 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		
p. Are all persons engaged in purchase or sales activities prohibited from taking part in shipping and receiving activities?	<input type="checkbox"/>	<input type="checkbox"/>
q. Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?	<input type="checkbox"/>	<input type="checkbox"/>
r. Does any employee have access to the purchasing system and also the accounts payable system?	<input type="checkbox"/>	<input type="checkbox"/>
s. Is all purchasing centralized out of your main office?	<input type="checkbox"/>	<input type="checkbox"/>
t. Do you have a system to detect payment to fictitious suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
u. Are cash or credits on return purchases supervised by at least two persons?	<input type="checkbox"/>	<input type="checkbox"/>
Supervision by Owner		
v. Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director?	<input type="checkbox"/>	<input type="checkbox"/>
w. 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"/>

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.	<input type="checkbox"/>	<input type="checkbox"/>
b. How are these secured? <input type="checkbox"/> In a wallet <input type="checkbox"/> exchange <input type="checkbox"/> hot (<i>connected to the internet</i>) <input type="checkbox"/> cold (<i>not connected to the internet</i>)		
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.	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
f. Do you have segregation of duties for the logs and employees who handle the cryptocurrencies?	<input type="checkbox"/>	<input type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/>

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?	<input type="checkbox"/>	<input type="checkbox"/>
c. Are all payment instructions executed under a sequential numbering system?	<input type="checkbox"/>	<input type="checkbox"/>
d. Is there an internal audit department which includes E.D.P. auditing?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
k. Do you have facilities to transfer funds yourself without involving third parties?	<input type="checkbox"/>	<input type="checkbox"/>
l. Are all telephone transfer instructions given to banks confirmed in writing within 24 hours?	<input type="checkbox"/>	<input type="checkbox"/>
m. Is there segregation of duties so that no one employee can initiate and complete transactions without approval by others?	<input type="checkbox"/>	<input type="checkbox"/>
n. Do you change employee passwords immediately upon their termination?	<input type="checkbox"/>	<input type="checkbox"/>

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? ☐ Yes ☐ No

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 ☐ Yes ☐ No

2. Vendors ☐ Yes ☐ No

3. Employees ☐ Yes ☐ No

(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? ☐ Yes ☐ No

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? ☐ Yes ☐ No

b. Is an authorized master vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts? ☐ Yes ☐ No

c. Is the authorized master vendor list reviewed at least annually to remove all dormant vendors? ☐ Yes ☐ No

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? ☐ Yes ☐ No

f. Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparisons to authorized vendor lists and receiving reports? ☐ Yes ☐ No

g. Are perpetual inventories maintained of materials and supplies and periodically verified by physical count? ☐ Yes ☐ No

h. Are vendors provided with a statement of your conflict of interest and gift policy (prohibiting gifts of any significant value)? ☐ Yes ☐ No

i. Are vendors asked to disclose any gifts or favors offered or requested or other questionable behavior by employees? ☐ Yes ☐ No

j. Do the same controls apply to locations outside of the United States? ☐ Yes ☐ No

k. Do any of these department employees (see above question) have invoice approval, check/ payment approval, signature, or bank account reconciliation responsibilities? ☐ Yes ☐ No

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: \$ _____ Checks: \$ _____ 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?
- | | | |
|---|---|--|
| <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 _____

	Yes	No
Do you store all negotiable securities and/or cash in a secured safe/vault?	<input type="checkbox"/>	<input type="checkbox"/>

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? | <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?

18. 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"/> |
| d. Issuing, managing, or servicing Financial Transaction Cards (including but not limited to prepaid debit/credit cards)? | <input type="checkbox"/> |

Fraud Statements

Applicable in AL, AR, LA, NM, RI, and WV: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and/or confinement in prison. In Alabama, a person may also be subject to restitution.

Applicable in CO, ME, TN, VA, WA: 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, and/or a denial of insurance benefits. In Colorado, penalties may also include civil damages. In Colorado, any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder 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.

Applicable in CA: For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Fraud Statements Continued

Applicable in DC: WARNING: 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.

Applicable in FL: 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.

Applicable in KY: 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.

Applicable in MD: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in NY: 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 shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Applicable in OH: 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.

Applicable in OK: 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.

Applicable in OR: This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto. All statements made by or on behalf of the insured, in the absence of fraud, shall be deemed representations and not warranties. No such statements that arise from an error in the application shall be used in defense of a claim under the policy unless: (a) The statements are contained in a written application; and (b) A copy of the application is indorsed upon or attached to the policy when issued. In order to use any representation by or on behalf of the insured in defense of a claim under the policy, the insurer must show that the representations are material and that the insurer relied on them.

Applicable in PA: 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.

Applicable in other states: Your policy may be void in any case of fraud, intentional concealment or misrepresentation of material fact by you in securing this insurance.

THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF THE APPLICANT AND REPRESENTS THAT REASONABLE INQUIRY HAS BEEN MADE TO OBTAIN THE ANSWERS TO QUESTIONS ON THIS APPLICATION. HE/SHE REPRESENTS THAT THE ANSWERS ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF HIS/HER KNOWLEDGE.

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

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