Commercial Crime Policy Application for Racetracks (CAPP)

Application is hereby made by _____

_____

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

Principal Address _____

City _____ Province_____ Postal Code _____

Policy Effective Period _____ to _____

1. Insuring Agreement

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

Coverage Amendments *(Endorsements)*_____

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

2. Kidnap Ransom, and Extortion

a. Limits of Liability requested *(Limits offered between $500,000 - $65,000,000)* $_____

b. Provide details of any staff travel outside of Canada or the U.S. Include the city and country, number of staff traveling and duration/frequency of travel of the next 12 months. *(Attach additional pages as necessary.)*

City and Country	Number of Staff Traveling	Duration of Travel/Frequency

3. Financial Status *(per latest FYE)*

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

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

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	Amount Paid	Claim Status (Open or Closed)

Comments/Corrective Action Taken

5. Prior Insurance

		Yes	No
a.	Has any similar insurance been declined or canceled during the past three years?	☐	☐

b. **If yes,** please explain:

c. Prior insurance to be superseded: ☐ **Check here if none**

Form of Insurance	Effective Date	Expiration Date	Limit of Insurance	Name of Insurance Company

6. Description of Organization

a. Legal Entity

☐ Proprietorship   ☐ Partnership   ☐ Corporation   ☐ Other _____

b. Date of Establishment _____

		Yes	No
c.	Has there been any change in ownership or management within the past three years?	☐	☐

d. **If yes**, please explain

7. Racetrack Controls

1. Money Room

a. What are the average and maximum cash exposures? Average_____ Maximum_____

b. Who has access to enter the money room? _____

c. How are entrances protected? Are there guards? Can locked doors only be opened from inside by buzzer?

d. What is the class of safe and/or vault within money room? _____

		Yes	No
e. Is a guard stationed inside the money room?		☐	☐
If yes, how many?_____ Number armed? _____ Type of weapon? _____			
f. Is excess cash locked in safe and/or vault after each race?		☐	☐
g. Are there recorded CCTV cameras in the money room?		☐	☐
h. Is the cash from each teller/cashier counted and reconciled after each race?		☐	☐
i. Are tellers/cashiers allowed in the money room?		☐	☐

2. Tellers/Cashiers

	Yes	No
a. Do tellers/cashiers start their shift with an imprest amount of funds?	☐	☐
If yes, how much?_____		
b. Do guards accompany the tellers/cashiers to and from cages?	☐	☐
c. Are guards present and around cages when windows are open?	☐	☐
d. Are teller stations protected by bars and/or protective glass?	☐	☐
e. Are there recorded CCTV cameras on each teller station?	☐	☐
f. Do the cashiers have hold up alarms?	☐	☐

g. What type of container is used by teller/cashiers to carry money to and from the money room? _____

3. Outside Exposure

(Before Race)

	Yes	No
a. Is money transported to the track by an armored car company?	☐	☐
Which one? _____		
b. Are track guards used to protect the money once it leaves the truck?	☐	☐
How many are present? _____ Are they armed?_____		
What type of armament? _____		
c. Is the money counted as soon as it arrives and then locked in the safe?	☐	☐

(After Race)

d. How much money is left in the safe overnight? _____ How much is deposited? _____

	Yes	No
e. Assuming armored car is used, do they pick up every day that the track is open, including Sundays and holidays?	☐	☐

7. Racetrack Controls *Continued*

			Yes	No
4.	**Horsemen's Accounts**			
	a.	Do you maintain horsemen's accounts?	☐	☐
		If yes, please answer the following:		
		i. Are horsemen's accounts reconciled after each meet?	☐	☐
		If no, how often? _____		
		ii. Are horsemen's accounts reconciled by someone not authorized to deposit, withdraw or write cheques?	☐	☐
		iii. Are horsemen's accounts audited or reviewed for unauthorized changes on a monthly basis?	☐	☐
5.	**Grounds & Premises**			
	a.	Is there a guard at each entrance when the track is open?	☐	☐
	b.	How many guards on the grounds when open? _____		
	c.	Do they communicate by radio?	☐	☐
	d.	Is there an alarm on the money room when the track is closed?	☐	☐
		Please explain the capabilities of the alarm.		

8. Gaming Controls *(only applicable if there are tables games and/or slot machines)*

1. Please provide a breakdown of the total number and types of table games *(i.e. blackjack, craps)* and the total number of slot machines.

		Yes	No
2.	Are you in compliance with any provincial or regional gaming authorities/commissions?	☐	☐
	If yes, please list _____		
	a. How often is cash accounted for? _____		
	b. Is each gaming table checked for an accurate count of money at the end of each shift?	☐	☐
	c. How many individuals must verify the gaming table inventory for "fill" chips? _____		
	d. Is cash counted and recorded at the end of each shift?	☐	☐
	e. How many people have access to the counting room? _____		
	f. Is there a supervisor on duty at all times?	☐	☐

9. 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?	☐	☐
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 a full time professional staff auditor?	☐	☐

9. Audit Procedures *Continued*

		Yes	No
g.	Does the staff auditor conduct an audit annually ☐ or on a surprise basis ☐		
h.	Is there a formal audit program?	☐	☐
i.	Does the auditor originate entries?	☐	☐
j.	If weaknesses are discovered, does the auditor report in writing to the First Named Insured?	☐	☐
k.	Do you audit your Wire Transfer procedures?	☐	☐
l.	Are foreign locations audited at least annually?	☐	☐
m.	Are foreign locations audited by a U.S. ☐ or foreign auditor ☐		

10. 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?	☐	☐
	Securities		
c.	Is countersignature of all cheques required?	☐	☐
	If no, above what amount? _____		
d.	Do all vouchers or other supporting record accompany all cheques to be signed?	☐	☐
e.	Are vouchers/supporting records stamped "PAID" when cheques are signed?	☐	☐
f.	Do you maintain a list of approved vendors?	☐	☐
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 cheques)*?	☐	☐
h.	Are securities subject to the joint control of two or more employees?	☐	☐
i.	Do the above controls differ in foreign locations?	☐	☐
	Payroll		
j.	Is the payroll made up by persons other than those who distribute it to employees?	☐	☐
k.	Are all persons who are authorized to hire and/or fire employees prohibited from distributing the payroll?	☐	☐
l.	Are the following included in your pre-employment screening?		
	☐ Drug ☐ Credit ☐ Criminal ☐ Background		
	Shipping and Receiving		
m.	Are all persons engaged in purchase or sales activities prohibited from taking part in shipping & receiving activities?	☐	☐
n.	Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?	☐	☐
o.	Does any employee have access to the purchasing system and also the accounts payable system?	☐	☐
p.	Is all purchasing centralized out of your main office?	☐	☐
q.	Do you have a system to detect payment to fictitious suppliers?	☐	☐
r.	Are cash or cheques on return purchases supervised by at least two persons?	☐	☐

11. 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 when they finish their work?	☐	☐
g.	What is the total annual volume of funds transferred? _____		
h.	What is the largest amount one person can transfer? _____		
i.	What is the 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 passwords when employees leave?	☐	☐
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?_____		

12. 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 amounts?	☐	☐
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.	Do the same controls apply to locations outside of Canada?	☐	☐

13. Property

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

14. 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.	Has your computer system ever been invaded by a Hacker or Virus?	☐	☐
	If yes to question (d), when and what controls have been implemented to prevent further incidences?		

15. Classification of Employees and Locations

	U. S	Canada	Foreign	Grandtotal
Number of Employees				
Number of Locations				

16. Cryptocurrency

		Yes	No
a.	Do you own, hold or accept as payment any form of cryptocurrencies?	☐	☐
	If yes, please provide a list of all crypotcurrencies and their current values on a separate page.		
	If no, please skip questions b. through g.		
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.		

17. 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?	☐	☐

18. 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?	☐	☐
	If no, please skip questions b. through e.		
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)*.		

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 _____