



Fidelity and Crime Application for Private Security Firms (CAPP)

Name _____

Principal Address _____ City _____ State _____ Zip _____

Policy Effective Period _____

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. 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

3. Company Information

| |
|--|
| a. Date Established _____ |
| b. Company is a: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Other _____ |
| c. Branch Offices _____ |
| d. Officers, Partners or Owners _____ |

3. Company Information Continued

| Name | Title | Name | Title |
|------|-------|------|-------|
| | | | |
| | | | |

e. What background do the principals of this organization have in public or private law enforcement/security?

f. Are guards required to be state licensed? Yes ☐ No ☐
License #: _____

g. Number of Employees by Category:
Security Guards (*Breakdown by type of client*)

- Retail (*stores, markets, etc.*) _____
- Industrial (*warehouses, factories, etc.*) _____
- Financial Institutions _____
- Hotels, Apartments, Offices _____
- Construction Sites _____
- Airport, Terminals _____
- Other (*Please describe*) _____

Total number of employees:
Full Time _____ Part Time _____ Grand Total _____

h. Do you have any contracts or prospective clients who are requesting this coverage? ☐ ☐
If yes, please provide details. (*Add separate sheet if necessary.*)

i. Do you perform any courier/messenger/armored car services? ☐ ☐
If yes, maximum dollar amount you carry? _____

j. List other entities you may have to be included as named insureds (*Not clients.*)
(*Note: The number of employees must also be included in the Grand Totals as indicated on the front of this application.*)

4. Prior Fidelity Coverage

| Coverage | Effective Date | Limit/Deductible | Insurer |
|----------|----------------|------------------|---------|
| | | \$ | |
| | | \$ | |

4. Prior Fidelity Coverage *Continued***Yes No**

- a. Has any Employee Dishonesty, Forgery, Burglary, Robbery, Theft, Disappearance or Destruction Insurance carried by the applicant been declined or cancelled within the last six years by any insurer? ☐ ☐

If yes, explain:

5. Loss History

- a. Enter all claims or occurrences that may give rise to claims for the prior five years **Check if none** ☐

- b. Loss information: on a separate sheet please advise whether the employee(s) involved have been terminated from their duties and what corrective action has been taken to prevent repetition.

| Date of Loss | Amount of Loss | Description of Loss |
|--------------|----------------|---------------------|
| | | |
| | | |
| | | |

6. Internal Controls

- a. Describe Experience Requirements and Duties of Supervisors (*Add separate sheet if necessary*):

- b. Are Supervisors required to perform a procedure of random inspections? **Yes** **No**

If yes, please explain:

- c. What is the ratio of supervisors to guards? _____

- d. Pre-employment Screening Procedures (*please attach copy of your employment application*)

- ☐ Drug screening ☐ Fingerprint ☐ Polygraph ☐ Criminal Records
☐ Prior Employer Check ☐ Other _____

7. 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? _____

7. Funds Transfer Procedures Continued**Yes No**

- | | | | |
|----|---|--------------------------|--------------------------|
| i. | What is the 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 passwords when employees leave? | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? | <input type="checkbox"/> | <input type="checkbox"/> |
| r. | How do you detect whether an employee has exceeded their authority? _____ | | |

8. Audits/Bank Account Controls**Yes No**

- | | | | |
|----|---|--------------------------|--------------------------|
| a. | How frequent are audits preformed? _____ | | |
| b. | By whom (Independent CPA, Public Accountant or Auditor, Staff) _____ | | |
| c. | Have all recommendations made by the accountant been adopted? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. | Are all bank accounts reconciled by someone not authorized to deposit, withdraw, or write checks? How often? _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| e. | Is countersignature of checks required? If not, by whom signed? _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| f. | Are vouchers/supporting records stamped "PAID" when checks are signed? | <input type="checkbox"/> | <input type="checkbox"/> |

9. Payroll**Yes No**

- | | | | |
|----|--|--------------------------|--------------------------|
| a. | Is the payroll made up by persons other than those who distribute it to employees? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. | Are all persons who are authorized to hire or fire employees prohibited from distributing the payroll? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. | Is positive identification required of each person receiving pay? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. | Are all changes to the payroll system approved prior to inception by a higher ranking manager at the corporate office? | <input type="checkbox"/> | <input type="checkbox"/> |
| e. | Are all persons who are authorized to make changes to the payroll system prohibited from changing their own status and/or pay in the system? | <input type="checkbox"/> | <input type="checkbox"/> |

10. Employee Information**Yes No**

- | | | |
|---|--------------------------|--------------------------|
| a. Do employees have access to cash? If yes, please state the average exposure _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Are any of the employees involved in the protection of high value cargo at trucking terminals, piers, etc.? If yes, explain _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Do you provide services for any special events? If yes, please describe the type of special events _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Is there a standard rotation of assignments for employees? If yes, explain _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Do the employees have any access to drugs, medicine, etc. at hospital, institutions, or clinics? If yes, explain _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| f. On a separate sheet, list names of Employee Benefit Plans required to be bonded by Title 1 of the Employee Retirement Income Security Act of 1974 to be included hereunder. Show total number of fiduciaries, trustees, administrators, officers or employees who are not Employees of the Insured. If no plans are covered, so state _____ | | |

11. 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? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Is an authorized vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts? | <input type="checkbox"/> | <input type="checkbox"/> |

12. ERISA Fraud or Dishonesty**Yes No**

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

Name of Plan**Plan assets****Limit requested**

2. Are the assets of the Plan(s) audited at least annually by an independent CPA?
- ☐
- ☐

3. Are the assets of the Plan(s) administered by an independent third party?
- ☐
- ☐

- 3a. Name and address of administrator:

4. 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. Classification of Employees and Locations

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

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

14. Cryptocurrency

Yes No

- a. Do you own, hold or accept as payment any form of cryptocurrencies? ☐ Yes ☐ No

If yes, please provide a list of all cryptocurrencies 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? ☐ Yes ☐ No

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? ☐ Yes ☐ No

Does this log include the date of receipt and the amount transacted? ☐ Yes ☐ No

- f. Do you have segregation of duties for the logs and employees who handle the cryptocurrencies? ☐ Yes ☐ No

- 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? ☐ Yes ☐ No

If yes, provide detailed information on which ones, and storage controls on a separate page.

15. 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

16. 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).

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.

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.

Fraud Statements *Continued*

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** _____