



# Application For Financial Institution Bond, Standard Form No. 14 For Broker/Dealers

Application is hereby made by \_\_\_\_\_

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

Principal Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Policy Effective Period \_\_\_\_\_ To \_\_\_\_\_

in the Aggregate Limit of Liability of \$ \_\_\_\_\_ Date Insured was Established \_\_\_\_\_

Name of Prior Carrier \_\_\_\_\_

## 1. Description of Organization

1. Insured is a (check the appropriate box):

- |   |  |
|---|--|
| <input type="checkbox"/> <b>Stock Broker</b>                                | <input type="checkbox"/> <b>Mutual Fund</b>  |
| <input type="checkbox"/> <b>Investment Banker</b>                           | <input type="checkbox"/> <b>Dealer in Securities</b> (Not Mortgage or Commercial Paper)                                  |
| <input type="checkbox"/> <b>Endowment Fund</b>                              | <input type="checkbox"/> <b>Foundation</b>   |
| <input type="checkbox"/> <b>Commodity Broker</b> (if Stock Exchange member) | <input type="checkbox"/> <b>Investment Trust</b> (Not Small Business Investment Company or Real Estate Investment Trust) |
| <input type="checkbox"/> <b>Other</b> _____                                 |  |

2. Insured is a (check the appropriate box):

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> <b>Sole Proprietorship</b> | <input type="checkbox"/> <b>Partnership</b> | <input type="checkbox"/> <b>Corporation</b> |
|---|---|---|

3. List exchanges which you are a member of:

**Name**

**Name**


4. Are you a member of the Financial Industry Regulatory Authority?

**Yes**

☐

**No**

☐

5. For all Insureds, show the total number of:

**No. of**

- |  |       |
|--|-------|
| a. Salaried officers & employees, retained attorneys and persons provided by employment contractors                      | _____ |
| b. FINRA Registered Representatives (other than those counted in (a) above)  | _____ |
| c. Locations (other than the Home Office of the first Named Insured) in the U.S., Canada, Puerto Rico and Virgin Islands | _____ |
| d. Locations outside the U.S., Canada, Puerto Rico and Virgin Islands, list below:                                       | _____ |

**Location**

**Location**


**1. Description of Organization *Continued***

6. Complete the following:

a. As of latest Dec. 31

**Total Assets**

\$ \_\_\_\_\_

b. As of latest June 30

\$ \_\_\_\_\_

**2. Optional Coverages****Yes****No****Single Loss Limit**

1. Complete the following for optional coverages desired:

a. Is Insuring Agreement (D) - Forgery or Alteration Coverage desired?

☐☐

\$ \_\_\_\_\_

b. Is Insuring Agreement (E) - Securities Coverage desired?

☐☐

\$ \_\_\_\_\_

c. Is Extortion - Threats to Persons Coverage desired?

☐☐

\$ \_\_\_\_\_

**If yes, list below locations to be excluded:****Location****Location**

d. Is Extortion - Threats to Property Coverage desired?

☐☐

\$ \_\_\_\_\_

**If yes, list below locations to be excluded:****Location****Location**

e. Is Computer Systems Fraud Coverage desired?

☐☐

\$ \_\_\_\_\_

**If yes, complete the following:**

1. Insured's Computer System(s)

For the Computer System(s) you operate, whether owned or leased, complete the following:

a. Number of independent software contractors authorized to design, implement or service programs for your System(s) \_\_\_\_\_

b. Is access to your System(s) by customers, or other outside parties permitted?

☐☐

2. Other Computer Systems

List below other Computer System(s) for which coverage is desired:

**Computer System(s)**

**2. Optional Coverages *Continued*****Yes****No****Single Loss Limit**

- f. Is coverage desired on businesses engaged in the data processing of your checks or other accounting records?

☐☐

If yes, list below the name and location of each data processor:

**Name & Location****Name**

- g. If you are a partnership, is coverage desired on your partners?

☐☐

\$ \_\_\_\_\_

If yes, list below the name of each partner:

**Name****Name**

2. Are you a direct participant in a depository for the central handling of securities?

☐☐

If yes, list below the name and location of each depository:

**Name & Location****Name & Location**

3. For deductibles, complete the following: (NOTE: Deductibles on Insuring Agreements(D) and (E) must be at least equal to that carried on the Basic Bond Coverage. Deductibles on Extortion Coverage may be written in any amount.)

**Coverage****Single Loss Deductible**

- a. All coverages except Insuring Agreements (D), (E) and Extortion

\$ \_\_\_\_\_

- b. Insuring Agreement (D) - Forgery or Alteration

\$ \_\_\_\_\_

- c. Insuring Agreement (E) - Securities

\$ \_\_\_\_\_

- d. Extortion - Threats to Persons

\$ \_\_\_\_\_

- e. Extortion - Threats to Property

\$ \_\_\_\_\_

4. If coverage is being written on an excess, concurrent or co-surety basis, show the names of the other carriers and bond limits. In the case of co-surety also show percentage participations:

5. If coverage is being written on a coinsurance basis, show your percentage participation \_\_\_\_\_%.  
(NOTE: Insured may assume a participation of between 5% and 25%.)

6. Are accounts insured by the Securities Investors Protection Corporation?

**Yes****No**☐☐

**3. Audit Procedures**

	Yes	No
1. Is there an <input type="checkbox"/> <b>annual</b> <input type="checkbox"/> <b>semi-annual</b> , audit by an independent CPA?	<input type="checkbox"/>	<input type="checkbox"/>
a. <b>If yes</b> , is it a complete audit made in accordance with generally accepted auditing standards and so certified?	<input type="checkbox"/>	<input type="checkbox"/>
b. If the answer to (a) is <b>no</b> , explain the scope of the CPA's examination: _____		
2. Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation?	<input type="checkbox"/>	<input type="checkbox"/>
3. Name and location of CPA _____		
4. Date of completion of the last audit by CPA _____		
5. Is there a continuous internal audit by an Internal Audit Department?	<input type="checkbox"/>	<input type="checkbox"/>
a. <b>If yes</b> , are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation	<input type="checkbox"/>	<input type="checkbox"/>
6. Are money and securities actually counted and verified?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are the ledger balances to the credit of customers verified?	<input type="checkbox"/>	<input type="checkbox"/>

**4. Internal Controls**

	Yes	No
1. Do you require annual vacations of at least two consecutive weeks for all personnel? <b>If no</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
2. Are bank accounts reconciled by someone not authorized to deposit or withdraw? <b>If no</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
3. Is countersignature of checks required? <b>If no</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
4. Are monthly statements ( <i>whether or not there was activity in the account</i> ) mailed directly to all customers? <b>If no</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
5. Has there been any change in ownership or management within the past three years? <b>If yes</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
6. Has any insurance been declined or canceled during the past three years? <b>If yes</b> , explain:	<input type="checkbox"/>	<input type="checkbox"/>
7. a. Have you hired or retained persons with prior convictions?	<input type="checkbox"/>	<input type="checkbox"/>
b. <b>If yes</b> , do you have Employees working in the State of New York?	<input type="checkbox"/>	<input type="checkbox"/>
c. <b>If yes to (b)</b> , 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"/>
d. Do you maintain documentation of your New York State Corrections Law Article 23-A assessment?	<input type="checkbox"/>	<input type="checkbox"/>

## 5. Loss History

Check if none ☐

List all losses sustained during the past three years, whether reimbursed or not from \_\_\_\_\_ to \_\_\_\_\_  
(month/day/year) (month/day/year)

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If Loss occurred at other than Main Office, state location

## 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 policyholder 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.

**Fraud Statements Continued**

**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** \_\_\_\_\_