



**Epack 3**

# New Business Application

## Commercial Crime

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**Instructions for Completing this Application**

This is a fillable PDF Document.

Please answer all questions fully. If necessary, as noted in the questions below, please provide additional responses in a supplemental document on your letterhead attached to this Application.

Upon completion the Application must be signed and dated by an authorized representative of the Applicant.

**NOTICES**

Please note that CNA will not be liable for any amounts after the exhaustion of the applicable policy limit.

Providing information about a claim, loss, damage or potential claim in response to any question in any part of this Application does not create coverage for such claim or potential claim. The Applicant's failure to report to its current insurance company any claim made against it during the current policy period, or to report any act, omission, or circumstance of which the Applicant is aware that may give rise to a claim, loss or damages before expiration of the current policy, may create a lack of coverage.

Please note that the submission of a completed, signed Application does not result in an obligation to purchase insurance or an obligation by the insurance company to bind insurance.

**I. APPLICANT INFORMATION (Applicable To All Coverages)**

The Applicant to be named in Item 1. of Declarations (the "named insured"): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Website(s): \_\_\_\_\_

Telephone Number: \_\_\_\_\_

a. Date the Applicant was established: \_\_\_\_\_

b. Description of Applicant's Operations: \_\_\_\_\_

c. Business Type:  Corporation  Sole Proprietorship  Partnership  LLC Other (specify): \_\_\_\_\_

d. Are there any subsidiaries with operations that are unrelated to the Applicant's primary business?

If yes, please attach details: \_\_\_\_\_

e. Please complete the following:

List of Countries in which you have operations	Type of Operation	Revenues	Number of Employees	Locations
U.S & Canada	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
Total	_____	\$ _____	_____	_____

**II. EXPIRING COVERAGE INFORMATION (Applicable To All Coverages)**

Please complete the following for those coverages for which you are currently insured:

Coverage	Limit	Retention
Fidelity: Employee Theft	\$ _____	\$ _____
Fidelity: Client Coverage	\$ _____	\$ _____
Fidelity: ERISA Plan	\$ _____	\$ _____
Forgery or Alteration	\$ _____	\$ _____
Inside and Outside Premises Coverage Money or Securities	\$ _____	\$ _____
Inside and Outside Premises Coverage Property	\$ _____	\$ _____
Inside and Outside Premises Coverage Damage	\$ _____	\$ _____
Transfer Coverage Computer	\$ _____	\$ _____
Transfer Coverage Funds	\$ _____	\$ _____
Transfer Coverage Social Engineering Fraud	\$ _____	\$ _____
Counterfeit Coverage	\$ _____	\$ _____

**III. GENERAL INFORMATION**

In the next 12 months (or during the last 18 months), indicate whether the Applicant or any Subsidiary has experienced, or anticipates any of the following:

- a. Merger, consolidation, acquisition, or divestiture  Yes  No
- b. Material changes in nature or size of operations?  Yes  No
- c. Bankruptcy filing or re-organization?  Yes  No

If you answered "Yes" to any of the above, please provide complete details

(if additional space is needed, please attach separately): \_\_\_\_\_

**IV. CLAIMS INFORMATION**

List all details for claims, loss or damages (whether reimbursed by insurance or not), or any incident which could give rise to a claim, loss or damages under the Epack 3 Crime Coverage for which you have applied on this Application:

Loss/Damage Discovery Date	Loss/Damage Amount	Amount Recovered from Insurance	Claim Circumstances and Corrective Actions
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

**V. CONTROLS**

**A. Human Resource Controls**

1. Do the Applicant and all Subsidiaries conduct the following pre-employment screening prior to hiring:
  - a. Pre-employment verification?  Yes  No
  - b. Criminal background check?  Yes  No
  - c. Credit check?  Yes  No
  - d. Education verification?  Yes  No
  
2. Do the Applicant and all Subsidiaries have internal policies and computer system controls in place to prevent persons who approve new hires from adding new employees to the payroll?  Yes  No
  
3. Are additions to the payroll system automatically reported through the computer system to a Human Resource Manager who reconciles payroll changes with new hire documentation?  Yes  No
  
4. Are controls in place to detect possible ghost employees?  Yes  No
  
5. Do the Applicant and all Subsidiaries require that every person in the organization be given anti-fraud security awareness training on an ongoing basis that includes, but is not limited to, detection of social engineering, phishing, or other scams?  Yes  No

**B. Payroll Controls**

1. Is a countersignature, ACH, or some other form of multiple authority payment process in place?
  - a.  Yes for all payment forms
  - b.  Positive Pay
  - c.  No

If you answered "No" above, please provide full description of the payment process: \_\_\_\_\_
  
2. Are all employees authorized to reconcile the Applicant's bank accounts prohibited from authorizing payments and making any deposits or withdrawals from any of the Applicant's accounts?  Yes  No
 

If you answered "No" above, provide the name, position, and equity interest in the Applicant of any reconcilers who may deposit, withdraw, or authorize payments: \_\_\_\_\_
  
3. Are employees of the technology and accounting departments restricted from accessing the payroll computer systems?  Yes  No
  
4. Are international and domestic payroll controls consistent?  Yes  No

**C. Audit Controls**

1. Has an outside auditor stated that there are any material weaknesses in the Applicant's system of internal controls?  Yes  No
 

If you answered "Yes" above, please include an explanation \_\_\_\_\_
  
2. Is each corporate location subject to periodic external audits?  Yes  No
  
3. How many employees are in your internal audit department? \_\_\_\_\_

4. Has the internal audit department audited all domestic and foreign locations during the last 2 years?  Yes  No  
If you answered "No" above, will such audit take place during the current year?  Yes  No
5. Does the audit department receive automatic exception reports on suspect financial transactions and financial trends?  Yes  No
6. Provide a brief summary of the company's fraud reporting mechanisms used to report allegations of fraud at domestic and/or any foreign locations \_\_\_\_\_

#### D. Vendor and Purchasing Controls

1. Do the Applicant and all Subsidiaries have a master list of authorized vendors?  Yes  No
2. Do the Applicant and all Subsidiaries have a separate vendor approval process so that one individual may not engage in more than 1 of the following?:
- Requesting that a new vendor be added;
  - Reviewing a vendor application and check references;
  - Verifying the receipt of inventory, supplies or goods prior to approval of vendor payments;
  - Amending the authorized master vendor list
- Yes  No  
If you answered "No" to any of the above, please provide details? \_\_\_\_\_

3. Do the Applicant and all Subsidiaries confirm change requests regarding vendor account information (including changes to bank account information, invoice changes, telephone or telefacsimile numbers, location and contact information) by a direct call to the to the predetermined phone number provided by the vendor before the change request was received?  Yes  No
4. Do the Applicant and all Subsidiaries have random audits performed by an individual who is not a part of the vendor or purchasing process?  Yes  No
5. Does the purchasing system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends?  Yes  No
6. Are international and domestic inventory procedures and controls consistent?  Yes  No

#### E. Inventory Controls

1. Is a perpetual inventory maintained for stock (including raw materials and manufacturing components), finished goods, and scrap?  Yes  No
2. Do inventory procedures enable accurate accounting of all inventories (stock, finished goods, and scrap) at each stage of the manufacturing or production process?  Yes  No
3. Are daily cycle counts conducted on inventory items?  Yes  No
4. Are physical inventory counts (including unused and obsolete inventory) conducted at least annually and reconciled with the perpetual Inventory system?  Yes  No  
If you answered "Yes" above, please continue:
- Is the reconciliation performed by someone not associated with the control of the physical inventory?  Yes  No
  - Are inventory variances outside established parameters reported to auditing?  Yes  No

5. Do the Applicant and all Subsidiaries use precious metal, stone, or other high value items in the manufacturing or processing of goods?  Yes  No  
 If you answered "Yes" above, please continue:
- a. Is access to such materials restricted, physically controlled and monitored?  Yes  No
- b. Are daily inventories conducted of all high value items?  Yes  No
- c. Please provide the average and maximum value at each location?  Yes  No

Location	Average Value	Maximum Value
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

6. Are international and domestic inventory procedures and controls consistent?  Yes  No
7. Do you require your bank's confirmation that all incoming cheques, drafts or equivalent instruments have been fully cleared before issuing funds against them?  Yes  No
8. How often are all bank accounts reconciled?  Daily  Weekly  Monthly Other (specify): \_\_\_\_\_
9. Is there a procedure in place for counter-signature of cheques or similar instruments?  Yes  No

**F. Computer Controls**

1. Have computer access controls been implemented that include the following (check all that apply)
- a.  Passwords are required to be alpha/numeric and 6-9 characters in length
  - b.  User IDs are revoked immediately upon termination of employment
  - c.  Firewalls to restrict inbound and outbound network traffic to prevent unauthorized access to networks
  - d.  Intrusion Detection System that identifies unauthorized use
  - e.  Multifactor authentication for remote network access originating from outside the company's network by employees and third parties
  - f.  Procedures to update (e.g. patch) commercial software for known security vulnerabilities
  - g.  Procedures to update open source software (e.g. java, Linux) that is not commercially supported for known security vulnerabilities
2. Do the Applicant and all Subsidiaries have a formal risk assessment process that identifies critical assets, threats, and vulnerabilities?  Yes  No
3. Do the Applicant and all Subsidiaries have a formal process for authenticating all transactions done electronically prior to shipping products or authorizing payments?  Yes  No  
 If you answered "Yes" above, please provide a description of the methods used to authenticate these transactions. \_\_\_\_\_
4. Do the Applicant and all Subsidiaries utilize any software or hardware that has been officially retired (i.e. - end-of- life) by the manufacturer (e.g., Windows XP)  Yes  No  
 If you answered "Yes" above, please provide a brief summary how additional precautions are utilized \_\_\_\_\_
5. Are international and domestic computer controls consistent?  Yes  No

**G. Fund Transfer Controls**

1. Does your company transfer funds by:  Wire  Voice Internet banking  Other \_\_\_\_\_
  2. What is the average daily number of funds transferred? \_\_\_\_\_
  3. What is the largest single amount that can be transferred? \$ \_\_\_\_\_
  4. Do the Applicant and all Subsidiaries maintain a pre-established list of employees authorized to initiate payment or funds transfer requests?  Yes  No
  5. Has separation been established between authority to initiate and approve a wire transfer?  Yes  No
  6. Are banks required to authenticate the identity of the caller before acting upon the instructions?  Yes  No  
If you answered "Yes" above, how is this achieved? \_\_\_\_\_
  7. Does the receiving financial institution immediately verify the completion of the transfer of funds?  Yes  No  
If you answered "Yes" above, does the verification go to an employee other than the one who initiated the transfer?  Yes  No
- If you answered "No" to any of questions 3. through 6. above, please provide details \_\_\_\_\_
8. Do the Applicant and all Subsidiaries have procedures in place to verify the authenticity of any payment or funds transfer request made by an internal company source (e.g., another employee, subsidiary, location, or department) which was received by an employee authorized to initiate such payment or transfer request?  Yes  No
  9. Do internal controls surrounding wire transfers vary among domestic and foreign locations?  Yes  No  
If you answered "Yes" above, please provide details \_\_\_\_\_

**H. Client Controls**

1. What services are your employees performing while on clients' premises?
2. Are your employees authorized to accept direct payment for services or products on your behalf?
3. Do the Applicant's employees have access to client funds, property, or materials (including money, and/or securities? inventory, or high value property)  Yes  No  
If you answered "Yes" above, please describe: \_\_\_\_\_
4. What is the total amount of employees on client premises? \_\_\_\_\_
5. Will the Applicant's employees be under client's supervision while on client's premises?  Yes  No
6. Do the Applicant's employees have access to client's accounting, payroll, or purchasing systems  Yes  No  
If you answered "Yes" above, please describe: \_\_\_\_\_
7. What internal controls are in place to prevent and detect employee theft losses involving client funds/property? \_\_\_\_\_

**VI. SPECIFIC INFORMATION**

Please attach the following supporting documentation when submitting this Application:

- a. Annual Report;
- b. Audited Financial Statement; and
- c. Most Recent CPA Management Letter and Management's Response

**APPLICANT REPRESENTATION**

(To Be Completed by Applicant)

**1. Special Representation applicable to the following Coverage:**

For the coverage checked below, the Applicant has current coverages in place with either CNA or with any other carrier:

Coverages	Coverage has been in place since:
<input type="checkbox"/> Crime	_____

The Applicant requests continuity for this coverages and this Applicant Representation does not apply to this coverage.

If the checkbox above is not checked, then this Applicant Representation applies to the coverage for which the Application has been completed subject to the following:

Applicant Representation - None of the individuals to be insured under the Crime Coverage Part is responsible for or has knowledge of any wrongful act or fact, circumstance, or situation which they have reason to believe might result in a future claim, except as follows:

- Yes, there are exceptions to this Representation (please attach details)
- No, there are no exceptions to this Representation

If any wrongful act or fact, circumstance, or situation which the Applicant has reason to believe might result in a future claim whether not disclosed above, then the Applicant acknowledges and agrees, unless the proposed insurance policy expressly provides otherwise, any loss, claim, or action arising out of, based upon, or attributable to such wrongful act or fact, circumstance, or situation will be excluded from coverage in accordance with the Application provision of the proposed policy.

**2. Representations to be made part of this policy:**

The employees of the Applicant have all, to the best of the Applicant’s knowledge, always performed their duties honestly. The Applicant has no knowledge, except as stated herein of any information that any employees have committed dishonest acts either prior to or during their employment by the Applicant. Such knowledge by a director or officer that is signing for the Applicant, of their own personal dishonest acts which are unknown to any other directors and officers of the Applicant, is not imputable to the Applicant.

The Applicant hereby declares, after diligent inquiry, that the information contained herein and in any supplemental applications or forms required hereby are true, accurate, and complete, and that no material facts have been suppressed or misstated. The Applicant acknowledges a continuing obligation to report to the CNA Company (the “Company”) to whom this Application is made, as soon as practicable, any material changes in all such information after signing the Application and prior to issuance of the policy. The Applicant further acknowledges that the Company will have the right to withdraw or modify any outstanding quotations and/or authorizations or agreement to bind the insurance based upon such changes.

Further, the Applicant understands and acknowledges that:

- a. Completion of this Application and any supplemental applications or forms does not bind the Company to issue a policy;
- b. If a policy is issued, the Company has relied upon, as representations, this Application, any supplemental application, and other statements furnished to the Company in conjunction with this Application;
- c. All supplemental applications, statements, and other materials furnished to the Company in conjunction with this Application are hereby incorporated by reference into this Application and made a part hereof;
- d. This Application will be the basis of the contract and will be incorporated by references into and made a part of such policy;
- e. If a policy is issued, the limit of liability contained in the policy will be reduced and may be completely exhausted by the payment of loss, costs and/or damages costs. In such event the Company will not be liable for loss, costs, or damages to the extent that such loss, costs or damages exceed the applicable limit of liability of this policy;
- f. The Applicant’s failure to report to its current insurance company:
  - i. any claim made against it during the current policy term; or
  - ii. any act, omission, or circumstances which the Applicant is aware of that may give rise to a claim; before expiration of the current policy may create a lack of coverage.

**FRAUD NOTICE**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false or incomplete information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and may be subject to civil fines and criminal penalties.

The Applicant, through the undersigned authorized representative, hereby acknowledges that the aforementioned statements and answers are accurate and complete. Applicant further understands that any inaccurate or incomplete statements may result in an exclusion or denial of insurance coverage. Applicant further authorizes CNA Insurance Companies to release the information on this Application and associated underwriting information.

**Applicant:**

By: \_\_\_\_\_  
*Signature and Title\** *Printed Name of Authorized Representative*

Date: \_\_\_\_\_

**\* This Application must be signed by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel or Risk Manager (or the Director of Human Resources [for Employment Practices Liability coverage] or the Director of Benefits [for Fiduciary Liability coverage]) of the Applicant acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance. Please print and sign this application.**

**Note:** For purposes of the Insurance Companies Act (Canada), this document was made in the course of Continental Casualty Company's insurance business in Canada.

