



**WATCHDOG<sup>SM</sup>**  
**A CRIME POLICY APPLICATION**

1. Name of **Applicant**: \_\_\_\_\_  
(Please list all **Applicants**, including Employee Benefit Plans.)

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

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

2. Description of the **Applicant** organization:

a. Type of organization:  Corporation  Partnership  Other: \_\_\_\_\_

b. Date business established: \_\_\_\_\_

c. Predominant business activity:  
 Manufacturing  Retailer  Wholesaler  Other: \_\_\_\_\_  
Description of product or services: \_\_\_\_\_

d. Has there been a change of control or management in the last three (3) years?  Yes  No

If "Yes," please explain: \_\_\_\_\_

	<b>U.S.</b>	<b>Canadian</b>	<b>Foreign</b>	<b>Grand Total</b>
e. i) Annual Sales or Gross Revenues	_____	_____	_____	_____
ii) No. of Locations	_____	_____	_____	_____
iii) No. of Employees	_____	_____	_____	_____

f. i) Does the **Applicant** want to include all subsidiaries?  Yes  No

If "No," please list those to be excluded: \_\_\_\_\_

ii) Does the **Applicant** have interests in any entities of which they own more than one percent (1%) but less than fifty-one percent (51%) of the voting stock and for which they control the management of said entities?  Yes  No

If "Yes," please list those to be included: \_\_\_\_\_

3.	COVERAGE REQUESTED	LIMIT REQUESTED	DEDUCTIBLE REQUESTED
	INSURING AGREEMENT A(1) - Employee Theft	\$ _____	\$ _____
	INSURING AGREEMENT A(2) - Third Party Liability	\$ _____	\$ _____
	INSURING AGREEMENT B - Premises Coverage	\$ _____	\$ _____
	INSURING AGREEMENT C - Transit Coverage	\$ _____	\$ _____
	INSURING AGREEMENT D - Forgery, Alteration and Counterfeit Money	\$ _____	\$ _____
	INSURING AGREEMENT E - Computer Theft and Funds Transfer Fraud	\$ _____	\$ _____
	INSURING AGREEMENT F - Claims Expense	\$ _____	\$ _____
	INSURING AGREEMENT G - Extortion	\$ _____	\$ _____

4. Audit Procedures

a. Is there an actual Independent CPA audit in accordance with GAAP?  Yes  No

If "No," please explain the scope and limitations of the audit: \_\_\_\_\_

b. Is the most recent audit "unqualified"?  Yes  No

If "No," please explain: \_\_\_\_\_

c. Are all locations audited?  Yes  No

d. Is the audit report distributed to senior management and the board of directors?  Yes  No

e. Is there a CPA letter to management or auditor's opinion letter?  Yes  No

f. Has management replied to any recommendations made in the letter?  Yes  No

If "Yes," please attach a copy.

g. Does the **Applicant** have an internal audit department or staff?  Yes  No

i) If "Yes," how large is the staff? \_\_\_\_\_

ii) How many are CPAs? \_\_\_\_\_

h. Is there a formal audit program?  Yes  No

5. Internal Controls

a. Does the **Applicant** require at least two (2) signatures on checks?  Yes  No

If "Yes," over what threshold? \_\_\_\_\_

b. Do employees who reconcile monthly bank statements also:

i) sign checks?  Yes  No

ii) handle bank deposits?  Yes  No

iii) have access to check signing machines or signature plates?  Yes  No

c. Are records maintained so that duplicate checks can be obtained for replacement?  Yes  No

d. Are checks stamped "For Deposit Only" as they are received?  Yes  No

e. Are invoices stamped "Paid" at the time checks are issued?  Yes  No

- f. Is there an exposure of precious metals or stones (e.g. gold, silver, copper, platinum, diamonds or similar high-value materials)?  Yes  No

If "Yes," please provide a separate listing with all particulars along with maximum values at each location.

- g. Is high-value product inventoried regularly?  Yes  No

If "Yes," how often? \_\_\_\_\_

- h. Is the payroll prepared by persons other than those who distribute it to employees?  Yes  No

- i. Are at least twenty percent (20%) of all the accounts receivable periodically verified by direct contact with the customer?  Yes  No

- j. Are all persons engaged in purchase or sale activities prohibited from taking part in shipping and receiving activities?  Yes  No

- k. Are all shipping and receiving activities reconciled to all applicable sale or purchase orders?  Yes  No

6. Computer Controls

- a. Is there a mechanism to prevent repeated attempts of unauthorized access to a computer program?  Yes  No

- b. Are exception reports generated for unauthorized attempts or repeated attempts to access a computer program and/or network?  Yes  No

- c. Within the information systems area, are the duties of the development staff (programmers) and operational staff (operators) segregated?  Yes  No

Are pre-authorization controls maintained for all programmers and operators?  Yes  No

- d. Are individuals responsible for authorizing checks also able to produce computerized checks?  Yes  No

- e. Are computer operators rotated periodically?  Yes  No

- f. Does the **Applicant** have an employee data-security standards manual?  Yes  No

- g. Do audit practices include any tests to detect unauthorized programming changes?  Yes  No

7. Securities and Trading Activities

- a. State the value of all negotiable securities owned or held by the **Applicant**:  
\_\_\_\_\_

- b. Are securities subject to joint control by two (2) or more employees?  Yes  No

- c. Is any person(s) whose conduct would be insured by the proposed insurance responsible for trading or directing the trading of securities on the **Applicant's** behalf?  Yes  No  
 Identify all such person(s): \_\_\_\_\_
- d. What controls have been implemented to assure that the person(s) identified in response to the preceding question may not engage in unauthorized trading activities? \_\_\_\_\_
- e. Are statements from securities brokers reconciled by a person different from the person responsible for trading securities?  Yes  No
- f. If safe deposit boxes are used, has the bank been instructed to require that two (2) or more individuals be present before any entry of the box is permitted?  Yes  No

8. Present Crime Program and Loss Experience

- a. **MISSOURI APPLICANTS/AGENTS - DO NOT ANSWER THIS QUESTION.**  
 Has any similar insurance been canceled or declined within the last three (3) years?  Yes  No  
 If "Yes," please explain: \_\_\_\_\_
- b. Does the **Applicant** screen employees for prior acts of dishonesty?  Yes  No
- c. Please identify all losses incurred within the last three (3) years of the type which would potentially be covered under the proposed insurance:

Description of Loss	Date of Loss	Amount of Loss	Preventative Measures Taken

d. Present Crime Program:

Insurance Carrier	Limit	Deductible	Expiration Date

9. As part of this application, please submit the following documents with respect to the **Applicant**:

- a. Last proxy statement, 10-K and annual report, including audited financial statements with all notes and schedules.
- b. Latest 10-Q report filed.
- c. Copy of CPA management letter or, if applicable, auditor's opinion letter.

**NOTE:** If not required to file any of the items listed in questions 9a and 9b above, please attach a copy of the **Applicant's** latest comprehensive financial statements.

**THIS APPLICATION DOES NOT BIND THE APPLICANT TO BUY, OR THE COMPANY TO ISSUE, THE INSURANCE, BUT IT IS AGREED THAT THIS APPLICATION SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED. THE APPLICANT DECLARES THAT THE STATEMENTS SET FORTH IN THIS APPLICATION ARE TRUE TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY.**

**NOTICE TO NEW YORK APPLICANTS: 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.**

**NOTICE TO KENTUCKY 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.**

**NOTICE TO MINNESOTA, OHIO AND ARKANSAS APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE 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, WHICH IS A CRIME.**

**NOTICE TO OKLAHOMA APPLICANTS: 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.**

**NOTICE TO PENNSYLVANIA APPLICANTS: 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.**

**NOTICE TO FLORIDA APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY EMPLOYER OR EMPLOYEE, INSURANCE COMPANY, OR SELF-INSURED PROGRAM, FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.**

**NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.**

**NOTICE TO COLORADO APPLICANTS: IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICY HOLDER 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.**

**NOTICE TO MAINE APPLICANTS: 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, OR A DENIAL OF INSURANCE BENEFITS.**

APPLICANT		
APPLICANT'S SIGNATURE	TITLE	DATE

PRODUCED BY ( <i>Insurance Agent</i> )	INSURANCE AGENCY	
INSURANCE AGENCY TAXPAYER ID OR SOCIAL SECURITY NO.	AGENT LICENSE NO.	
ADDRESS ( <i>No., Street, City, State, and ZIP Code</i> )		
EMAIL ADDRESS		

SUBMITTED BY ( <i>Insurance Agency</i> )	INSURANCE AGENCY TAXPAYER ID OR SOCIAL SECURITY NO.	AGENT LICENSE NO.
ADDRESS ( <i>No., Street, City, State, and ZIP Code</i> )		