
Crime Coverage Section Application (Large Public Company > \$1B revenues)

BY COMPLETING THIS CRIME APPLICATION THE APPLICANT IS APPLYING FOR COVERAGE WITH CHUBB INSURANCE COMPANY OF CANADA (THE “COMPANY”) ON EXECUTIVE PROTECTION POLICY FORM CE 14-02-4028.

CRIME APPLICATION INSTRUCTIONS

1. Whenever used in this Crime Application, the term "**Applicant**" shall mean the Parent Organization and all organizations applying for coverage.
2. Please attach a copy of the following for every **Applicant** seeking coverage:
 - A copy of the Internal Auditors Audit Plan for the current year
 - A copy of the **Applicant**'s most recent audited financial statement
 - A copy of the **Applicant**'s CPA management letter on internal controls and management's response
3. Include all requested underwriting information and attachments. Provide a complete response to all questions, including an explanation of any "No" answers referenced in the application. Attach additional pages if necessary.

I. NAME, ADDRESS AND CONTACT INFORMATION

1. Name of **Applicant**:

2. Address of **Applicant**:

City:

Province:

Postal Code:

Telephone:

3. Web Address:

4. Name /Address of Primary Contact:

Email of Primary Contact:

City:

Province:

Postal Code:

Telephone:

II. GENERAL INSURANCE INFORMATION

1. Please indicate below, by placing an X in the box, which coverages are being requested and complete the table accordingly:

Coverage Requested	Limit Requested	Limit Currently Purchased	Deductible Currently Purchased	Current Insurer
<input type="checkbox"/> Crime	\$	\$	\$	
<input type="checkbox"/> Robbery	\$	\$	\$	
<input type="checkbox"/> In Transit	\$	\$	\$	
<input type="checkbox"/> Forgery of a Financial Instrument	\$	\$	\$	
<input type="checkbox"/> Funds Transfer Fraud	\$	\$	\$	
<input type="checkbox"/> Computer Fraud	\$	\$	\$	
<input type="checkbox"/> Money Orders and Counterfeit Currency	\$	\$	\$	
<input type="checkbox"/> Corporate Credit Card Fraud	\$	\$	\$	
<input type="checkbox"/> Client Coverage	\$	\$	\$	
<input type="checkbox"/> Expenses	\$	\$	\$	
<input type="checkbox"/> Other (Specify):	\$	\$	\$	

2. Policy Period Requested: From _____ To _____ both days at 12:01 a.m. at the principal address of the Parent Organization.

3. **Applicant's** Province of _____, and date established: _____
 Incorporation:

4. Describe (or attach a description of) the **Applicant's** operations:

5. Please complete the following Table (attach additional sheets if necessary):

Countries where Applicant has operations	Type of Operation	Number of Locations	Number of Employees	Revenues
				\$
				\$
				\$
TOTAL:				\$

6. If the **Applicant** has operations outside of the Canada, is this policy (if issued) intended to act as a Master Difference in Conditions and Difference in Limits policy? Yes No

If "Yes", please attach the following information for each country in which the **Applicant** requests locally admitted policies:

- a) Name and address of local subsidiary
- b) Country of domicile and date established
- c) Percentage of ownership
- d) Description of operations
- e) Revenues, assets and employee figures for the most recent year ended

7. Please attach the following information for any joint venture or subsidiary for which the **Applicant** is requesting coverage:

- a) Name of subsidiary or joint venture
- b) Country of domicile and date established
- c) Percentage of ownership
- d) Description of operations
- e) Identify the responsibilities of the **Applicant** in any joint venture, including participation status such as General Partner, Managing Partner, investor, etc.

8. Are all entities described above (or in an attachment to this Application) owned, controlled, or operated by the **Applicant**? Yes No

If "No", please attach a detailed description of the differences for each entity listed.

9. Are all entities described above (or in an attachment to this Application) subject to the same controls as described in this Application? Yes No

10. Please provide the following information for any mergers or acquisitions completed by the **Applicant** in the past 12 months:

- a) Name of company acquired
- b) Date of the transaction
- c) Description of operations acquired
- d) Annual revenues
- e) Number of employees

11. Has the **Applicant** fully integrated all entities acquired during the past 12 months into its internal control framework, including all financial controls involved in receivables, payables, vendors, human resources, payroll and financial reporting? Yes No

If "No", please attach details of the integration process and which internal controls remain outside the control framework described within this application.

III. CRIME COVERAGE SPECIFIC INFORMATION

1. Does the **Applicant** provide any financing in the course of its business, including but not limited to leases, loans or factoring? Yes No

If “Yes”, please attach a detailed explanation, including control procedures specific to the verification of credit worthiness and procedures for releasing of funds to customers.

2. Does the **Applicant** operate any financial institution, advisor, bank, escrow company, collections agency or similar type of business? Yes No

If “Yes”, please attach a detailed description of such operations.

Human Resources and Payroll

1. Are the following policies and procedures in place in all business units?
- a) Social insurance number verification (or verification of other national identification) Yes No
 - b) Reference checks with all prior employers during the last 5 years Yes No
 - c) Credit check for all financially sensitive positions Yes No
 - d) Criminal background checks in all jurisdictions where the prospective employee has lived for the last 5 years Yes No
 - e) Drug testing Yes No
 - f) Education and training verification Yes No

If “No” to any of the above, please attach an explanation.

*If “No”, would **Applicant** be interested in receiving additional information about loss control services available to help establish such background check controls?* Yes No

2. Are managers periodically provided with the names and salaries of all employees assigned to them for verification? Yes No

If “Yes”, how often?

- 3. Are management policies and computer system controls in place to prevent those who approve new hires from adding them to the payroll? Yes No
- 4. Are additions to the payroll system automatically reported via computer system to a Human Resources manager who reconciles payroll changes with new hire documentation? Yes No
- 5. Does audit department audit the payroll system at least annually to detect ghost employees? Yes No
- 6. Are IS/IT and accounting departments restricted from access to the payroll computer system? Yes No
- 7. Are all human resource and payroll policies and procedures performed consistently across all business units, both domestic and international? Yes No

Auditing Procedures

INTERNAL AUDIT

1. Does the **Applicant** have an internal audit department? Yes No

If "Yes", please complete the table below to describe how many professionals and in what functional areas?

	Currently	Next Year	Three Years Ago
Finance			
Corporate Security			
IT Compliance			
Loss Prevention			

- If "No", does the **Applicant** outsource any part of these functions to a third party? Yes No

If "Yes", please attach a description.

2. Does the audit department receive automatic exception reports on suspect financial transactions and trends? Yes No

If "No", are these manually generated? Yes No

If "Yes" to manually generated, how often?

3. Does the audit schedule include a physical visit to all subsidiary and joint venture locations at least every three years regardless of size? Yes No

4. Please outline the percentage of total audit hours assigned to the following categories:

Audit Focus	Currently	Next Year
General Internal Auditing		
Fraud Investigation/Prevention		
Operational Effectiveness		
IT Auditing		
Regulatory Compliance		
Strategic Business Risks		
External Audit Assistance		
Other (please specify)		

Please attach a copy of the current year's audit plan from the internal auditors.

- 5. Can wire transfer authority be delegated to anyone verbally or in writing? Yes No
- 6. If online banking software is used to perform wire transfer functions, is access to the portal restricted to specific users and terminals? Yes No
- 7. Does the **Applicant** have software safeguards in place to prevent access to transfer software or online banking portals? Yes No
- If "Yes", does the software provide an active audit trail of user access and transaction history? Yes No
- 8. Has the **Applicant** taken advantage of all security programs made available to it by its banking partners? Yes No
- If "No", please attach a description of the services opted out of and the rationale for disabling these protections.
- 9. Are wire transfers reconciled daily by a person who did not approve or transmit such wire transfers? Yes No
- 10. Are finance employees that are responsible for wire transfer provided anti-fraud training, including but not limited to detection of social engineering, phishing and other scams? Yes No
- 11. Are international and domestic wire transfer procedures performed consistently across all business units, both domestic and international? Yes No

If "No", please explain any differences in an attachment to this application.

VENDOR CONTROLS

- 1. Has a numbered purchase order system been implemented and is it being followed? Yes No
- 2. Has an approved master vendor list been established? Yes No
- If "No", please describe controls in place to track vendor relationships throughout the organization.
- 3. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list? Yes No
- If "Yes", do these procedures include a check of the following:

 - a. Physical Address: Yes No
 - b. Tax ID or SIN Check for veracity Yes No
 - c. Financial Capability / Credit Check Yes No
 - d. Criminal History Yes No
 - e. Other fraud checks: ex. Internet search, References (please describe)

4. Are levels of purchasing authority established in writing throughout your organization? Yes No
- If "Yes", what are these levels and are they reviewed at least annually for reasonableness? Yes No
5. Are names and addresses for all vendors checked against employee databases to determine potential conflicts of interest? Yes No
6. Is due diligence conducted by someone other than the person requesting such addition or with authority and/or ability to add or change the vendor's file in the master list? Yes No
7. Can any person authorized to make or process payments also make changes to the master vendor list (additions, removals, account updates)? Yes No
8. How often are dormant vendors removed from the master vendor list?
9. Are automatic exception reports listing disbursements made by check or wire generated and reviewed by management or internal audit staff to identify unusual payments? Yes No
- If "No", are these manually generated, and if so, how frequently? Yes No
10. Are international and domestic purchasing procedures and controls consistent? Yes No
- If "No", please attach a description of the differences.

ACCOUNTS PAYABLE CONTROLS

1. Are all invoices verified against a corresponding purchase order, receiving report, and authorized master vendor list prior to issuing payment? Yes No
2. Is a monthly reconciliation conducted of all bank accounts by someone who does not handle deposits, sign cheques or have access to electronic or mechanical signatures? Yes No
3. Are cheque signing authorities and dual control requirements established in writing? Yes No
4. Do all cheques require countersignature? Yes No
- If "No", at what dollar threshold is countersignature required?
- §
5. Are invoices, purchase orders, and cheque runs reconciled daily by an independent party? Yes No

6. Does the company use Positive Pay or Reverse Positive Pay to reduce the risk of unauthorized payments? Yes No

7. Can a manual cheque be written outside of the AP system? Yes No

If "Yes", please attach a description of their use and the controls in place to prevent fraud.

8. Is access to blank and cancelled cheques, as well as to cheque writing software stored under dual control with documented access? Yes No

9. Is a perpetual inventory in place for blank cheques? Yes No

10. Are daily inventories taken of blank cheques? Yes No

11. Are all expense reports reviewed and approved by someone that is familiar with the employee's travel, entertainment and spending history prior to payment? Yes No

12. Does the accounts payable system automatically produce exception reports to notify management of potential fraudulent transactions or trends? Yes No

If "No" are exception reports manually generated? Yes No

13. How frequently are exception reports generated? and under what circumstances?

14. Are all accounts payable processes centralized? Yes No

15. Are international and domestic accounts payable procedures and controls consistent? Yes No

If "No", please attach a description of the differences.

INVENTORY CONTROLS

1. Is a perpetual inventory maintained for:

a. Stock, including raw materials, and manufacturing components? Yes No

b. Manufactured or finished goods? Yes No

c. Scrap? Yes No

2. Do inventory procedures enable accurate accounting of all inventory items listed above at each stage of the manufacturing or production process? Yes No

3. Are daily cycle counts conducted such that each inventory item is counted during the year? Yes No

If “No”, please attach a description of the cycle count procedure and how it applies to the **Applicant’s** inventory.

4. Are physical inventory counts conducted at least annually and reconciled with the perpetual inventory system? Yes No

If “Yes”:

- a. Is the reconciliation performed by someone not associated with the control of physical inventory? Yes No

- b. Are inventory variances outside established parameters reported to auditing? Yes No

5. Does the **Applicant** use, hold, purchase or sell precious metal, stone or other high value items in the course of its business, whether in manufacturing or as an end product? Yes No

If “Yes”:

- a. Is access to such materials restricted, physically controlled and monitored? Yes No

If “Yes”, please attach details of such controls.

- b. Are daily inventories conducted of all high value items, including scrap used in their production? Yes No

- c. Please provide the average _____ and maximum value _____ at each location.

6. Does the **Applicant** use, hold, purchase or sell any base metal, such as steel, copper, aluminum, nickel or iron in its production? Yes No

- If “Yes”, are scrap inventory levels monitored and reviewed for suspicious deviations from historical levels? Yes No

7. Are international and domestic inventory procedures and controls consistent? Yes No

If “No”, please attach a description of the differences.

MONEY AND SECURITIES CONTROL

1. State the total value of negotiable securities held on premise: \$ N/A

2. If any securities are held on premises, are burglary safes used, and do procedures require that two authorized individuals be present before entry to any safe is permitted? Yes No

N/A

3. What is the maximum amount held at, or transported from, any one location?

Cash: \$ Cheques: \$ Negotiable Securities: \$ N/A

4. Are cash, cheques or negotiable securities transported at any time by anyone other than an armored car service? Yes No

If "Yes", please attach a description of who is authorized to transport money or securities on behalf of the **Applicant** and the procedures in place to protect it while in transit.

COMPUTER SYSTEMS PROTECTION

1. Are access controls designed so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure? Yes No

2. Have computer access controls been implemented that include the following?

- a. Passwords are required to be alpha/numeric and 6-9 characters, system enforced Yes No
- b. User IDs are automatically revoked upon separation of employment Yes No
- c. Password files are encrypted for all applications and access is restricted Yes No

3. Are firewalls configured to restrict all IP communications (except those necessary to conduct business) and are firewall security patches current? Yes No

4. Are firewall port scans and penetration tests conducted? Yes No

If "Yes", how often are the tests run?

5. Are Intrusion Detection Systems network-based?

- a. Is host-based IDS software installed? Yes No
- b. Are all patches current? Yes No

If "Yes", how frequently are logs reviewed for suspicious activity?

6. Does the **Applicant** have a formal process for authenticating all transactions done electronically prior to shipping product or authorizing payment? Yes No

If "Yes", please attach a complete description of the methods utilized to authenticate these transactions.

7. Are computer systems used for financial transactions based on a common platform across all business units, both domestic and international? Yes No

If "No", please attach a description of the differences.

CLIENT SERVICES

1. Do any clients require the **Applicant** to be bonded or carry crime insurance? Yes No
 N/A

If "Yes," please explain and specify the amount: \$

If the amount specified in response to Question 1, above, is greater than the amount requested for Employee Theft Coverage in Section II, Question 1, please attach the following:

- a. A complete copy of the contract requiring higher limits
- b. Approximate revenue derived annually from the contract
- c. Approximate number of employees assigned to the contract
- d. Description of goods or services provided and controls in place to prevent theft of client assets by employees

2. Does the **Applicant** have custody or control over any funds, accounts, or materials of any of its clients, including but not limited to escrow or trust accounts? Yes No
 N/A

If "Yes", please describe:

3. Do the **Applicant's** employees have access to any client(s) accounting, payroll or purchasing systems? Yes No
 N/A

