Orion INSURANCE *Intermediaries*

Application

COMMERCIAL CRIME

Insurance

Orion

COMMERCIAL CRIME

Insurance

A. GENERAL INFORMATION

Applicant Name _____

Principal Address _____ Suite _____

City _____ County _____ State _____ Zip Code _____

Date Business Established _____

Annual Revenues _____

B. INSURANCE INFORMATION

Present Coverage _____

Carrier _____ Deductible _____

Limit _____ Expiration Date _____

Coverage Requested _____

Insuring Agreements _____

Limit _____ Deductible _____

Attach a list of all welfare & pension plans and subsidiaries to covered _____

_____

C. CLAIMS HISTORY INFORMATION

List all losses (including loss of personal identity information of employees or customers) during the last 6 years:

Date of Loss	Description	Gross Amount	Date Paid	Corrective Measures

D. UNDERWRITING INFORMATION

1. Describe your principal business activity: _____

2. Total Number of Employees:

U.S. _____ Canadian _____ Foreign _____

E. EMPLOYEE INFORMATION

Position	United States	Canadian	Position	United States	Canadian
Chairman of the Board			Outside & Collecting		
President			Outside & No Collecting		
Vice President			Cashiers		
Treasurer			Accountant & Auditors		
Assistant Treasurer			Bookkeeper		
Secretary			Credit Managers		
Assistant Secretary			Cash Handling Clerk		
Comptroller			Payroll Clerk		
Assistant Comptroller			Collectors		
Adverting Managers			Outside Messenger		
Office Managers			General Superintendent		
Department Managers			Assistant Superintendent		
Branch Managers			Timekeepers		
Assistant Branch Managers			Paymasters		
Sales Managers			Traffic Managers		
Assistant Sales Manager			Receiving Clerks		
Branch Sales Manager			Shipping Clerks		
Purchasing Agents			Watchmen		
Buyers			Gatemen & Guards		
Assistant Purchasing Agents			Drivers (Collections)		
Assistant Buyers			Drivers (No Collections)		
Salesman					
			TOTAL	0	0

1. Other Employees: Office clerks, Secretaries, Stenographers, Typists, Telephone Operators, Inside Salesmen, Inside Messengers Business Machine Operators, Porters, and other like personnel:

	United States	Canada	Foreign	**Grand Total**
				0
				0
				0
				0
				0
				0
				0
				0
Total	0	0	0	0

2. Total number of locations: U.S. 0 Canadian 0 Foreign 0

3. Total number of retail locations: 0

4. Do you have cash or precious metal exposure that exceeds the lowest request deductible amount?
If yes, provide details of exposure and controls relevant to that exposure.

YES ☐ NO ☐

5. Is your organization involved in the trading of stocks, bonds, commodities or currency?
If **YES**, please complete the Supplemental Trading Questionnaire.

YES ☐ NO ☐

6. Describe any others that you are looking to include as employees. Include number, job function as well as control procedures for these individuals.

F. AUDIT & INTERNAL PROCEDURES

1. How many employees do you have within the following departments?

Internal Audit Department _____

Loss Prevention Department _____

Corporate Security Department _____

IT Auditors (not included above) _____

2. Has the internal audit department audited all domestic and foreign locations during the prior two years or will it be during the current year? *Provide a copy of the current internal audit plan or executive summary.*

YES ☐ NO ☐ If **NO**, please explain:

3. Regarding your annual financial statement audit, have you changed CPA firms during the past seven years?

YES ☐ NO ☐ If **YES**, please explain the reason:

4. Is the company compliant with the Sarbanes Oxley guidelines regarding internal controls and related reporting?

YES ☐ NO ☐ N/A ☐ If **NO**, please explain:

Please describe similar regulatory & non-regulatory efforts at foreign locations.

5. Were any material weaknesses or significant deficiencies in internal controls identified by your CPA firm or internal audit staff during the current or prior year?

YES ☐ NO ☐ N/A ☐

If **YES**, please include a description & corrective measures & implementation timeframe:

6. Briefly describe the company's fraud reporting mechanisms (e.g., telephone hotline or anonymous reporting mechanism) used to report allegations of fraud at domestic and any foreign locations.

7. Are background checks performed on all new hires? YES ☐ NO ☐
Please check all that apply.

Criminal ☐ **Credit** ☐ **Prior Employment** ☐ **References** ☐ **Drug Testing** ☐

8. Are mid-employment background checks or screenings performed (e.g., when employees are promoted to managerial or sensitive positions)?

YES ☐ NO ☐

9. Are your Code of Ethics and/or Code of Conduct policies distributed to all domestic & foreign employees?

YES ☐ NO ☐

10. Do you have a procedure in place to ensure the Code of Ethics/Conduct policies have been read & understood by all employees (e.g., employee signatures, electronic testing)?

YES ☐ NO ☐

11. Do you provide specific fraud awareness training for managers and employees?

YES ☐ NO ☐

12. Do you train employees on privacy, information security & related issues annually or more frequently? If **YES**, please provide information about the training provided.

YES ☐ NO ☐

13. Are all expense reports reviewed by a supervisor or by someone knowledgeable of the employee's work & travel itineraries?

YES ☐ NO ☐

14. When an employee is terminated or resigns, does the company immediately cancel and deny access to sensitive data (building access, corporate credit cards, computer systems, etc)?

YES ☐ NO ☐

15. Are perpetual inventory systems maintained at all domestic and foreign locations?

YES ☐ NO ☐ N/A ☐

16. Are complete physical inventory counts conducted at least annually and independently reconciled to recorded / book quantities at all locations?

YES ☐ NO ☐ N/A ☐

17. Are physical and other inventory controls consistent at all warehouse and branch locations?

YES ☐ NO ☐ N/A ☐

18. Does anyone within the payroll area perform more than one of the following duties: payroll preparation, approval, recording, & reconciling?

YES ☐ NO ☐

19. Is payroll distributed to any employees at domestic or foreign locations via cash or using a cash envelope system?

YES ☐ NO ☐

If **YES**, please describe the process and controls in place.

20. Does the company receive rebates or sales incentives from manufacturers or third parties?

YES ☐ NO ☐

If **YES**, when was the most recent audit of this area & by whom?

21. Does the company utilize a Positive Pay system to reduce the risk of unauthorized payments presented to and paid by its banks?

YES ☐ NO ☐

22. Do any employees responsible for reconciling bank statements also perform the following?

Approve or Disburse Payments	YES ☐	NO ☐
Access the Master Vendor File	YES ☐	NO ☐
Receive Checks or Make Deposits	YES ☐	NO ☐

23. Is countersignature (dual signature) of checks required at all locations?

YES ☐ NO ☐

a) If **YES**, at what dollar threshold is countersignature required? _____

b) If **NO**, describe the system in effect to prevent unauthorized issuance of checks (e.g., countersignatures of purchase orders or invoices)

_____

24. Are summary disbursements reports or audit exception reports prepared that list payments made via check & wire & reviewed by management or internal audit staff for unusual payments (*data mining*)?

YES ☐ NO ☐

25. Do the above controls differ for foreign locations?

YES ☐ NO ☐ If **YES**, please explain.

26. Describe any other relevant company programs, policies, or procedures designed to reduce the risk of fraud abuse within the company not discussed above?

G. VENDOR PROCEDURES

1. Are background checks performed on vendors prior to doing business with them to determine:

Ownership	YES ☐	NO ☐
Physical Address	YES ☐	NO ☐
Tax ID or SSN	YES ☐	NO ☐
Financial Capability	YES ☐	NO ☐

2. Are employee databases searched to determine whether there are unusual matches between the vendor data obtained above & employee data? YES ☐ NO ☐

3. Which department maintains & updates the authorized/pre-approved listing of vendors (e.g., accounts payable, procurement)? _____

4. Do any of these department employees (from previous question) have invoice approval, check/payment approval, signature, or bank account reconciliation responsibilities? If **YES**, provide details.

YES ☐ NO ☐

5. Does the company utilize a purchase order or payment requisition system requiring two signatures prior to ordering all goods & services?

YES ☐ NO ☐

6. Are vendors provided with a statement of your conflict of interest & gift policy (prohibiting gifts of any significant value)?

YES ☐ NO ☐

7. Are vendors asked to disclose any gifts/favors offered/requested or other questionable behavior by employees?

YES ☐ NO ☐

8. Do the same controls apply to locations outside the United States? If **NO**, please explain.

YES ☐ NO ☐

_____

H. FUNDS TRANSFER & COMPUTER SYSTEMS

1. What is the daily average number and dollar amount of wire transfers?

   Domestic: Number _____ Dollar $ _____

   Foreign: Number _____ Dollar $ _____

2. Is approval by more than one person required to initiate a wire transfer? YES ☐ NO ☐

3. Does anyone within the wire transfer area perform more than one of the following duties: requesting, initiating, recording, & reconciling? YES ☐ NO ☐

4. Are similar internal controls established surrounding vendor set-up, requesting, approving, recording, & reconciling within the wire transfer area as with the accounts payable area?

   YES ☐ NO ☐

5. For non-repetitive (*non-routine*) wire transfers, are internal controls in place that are similar to the regular cash & check disbursement procedures (e.g., required approval signatures, supporting documents, etc.)?

   YES ☐ NO ☐

6. Do internal controls surrounding wire transfers vary among domestic & foreign locations?

   YES ☐ NO ☐

7. When was the most recent wire transfer department audit performed by:

   Internal Auditors? _____

   External Auditors? _____

8. Are computer access codes and passwords changed every 90 days or less? YES ☐ NO ☐

9. Do any non-employees have access to the company's computer systems? YES ☐ NO ☐

   If **YES**, provide details and control information.

10. Has the company had a theft of or unintended release of sensitive personal information of employees or customers in the past three years?

YES ☐ NO ☐

a). If **YES**, did you notify the individuals whose information was stolen or released?

YES ☐ NO ☐

b). If **YES**, please describe the nature & size of the release & any corrective action taken:

11. When was the most recent IT/computer system audit performed by:

Internal Auditors? _____

External Auditors? _____

I. CLIENT ASSETS

1. What type of services/work will you perform for your client(s)? *Provide details.*

2. Will you have access to your client's funds/property (including money, securities, inventory, high value property, banking systems, wire transfer systems, computer systems, sensitive computer data, etc.)?

   YES ☐ NO ☐

   If **YES**, advise to what extent you will have access to this property along with the approximate dollar value:

3. Number of employees who will be performing work for your client(s)? _____

4. To what extent do you perform background checks on your employees? *Check all that apply.*

   Prior Employment ☐ **Reference Checks** ☐ **Criminal Records** ☐ **Credit History** ☐ **Drug Testing** ☐

5. Will you be performing services for your client(s) during normal business hours? YES ☐ NO ☐

   If **NO**, at what time will you be performing your work? _____

6. Will your employees be supervised by your client(s) while performing services? YES ☐ NO ☐

   If **NO**, what safeguards will be in place? _____

7. What physical and internal controls are in place to prevent and detect Employee Theft losses involving your client's funds/property? *Provide details.*

8. To what extent will your client(s) audit the services you provide for them? *Provide details.*

9. Do you have any knowledge of an employee stealing from a client in the past or at this time?

YES ☐ NO ☐

If **YES**, provide complete details including all corrective measures implemented

10. Total number of client(s): _____

11. Provide a list of the client(s) you will be providing services for. If services are being provided under a contract, indicate the start & completion date, and attach a copy of the contract(s).

Name of Client	Limit of Coverage Requested	Start & End Dates of Contract	Dollar Amount of Contract
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$

J. NETWORK SECURITY INFORMATION

1. How is your network security managed?.

In-House ☐ By a Third-Party Vendor ☐ *Name of Vendor:* _____

2. If your network security is managed In-House, please check the applicable network security services that you use to safeguard the personal information of your customers/members/employees.

- ☐ Physical security
- ☐ Firewall
- ☐ Data Encryption
- ☐ Access Control
- ☐ Periodic Security Assessments
- ☐ Incident Response
- ☐ Dedicated IT Personnel

K. IDENTITY THEFT INSURANCE PROGRAM

1. Do you currently have an identity theft insurance program in place?

YES ☐ NO ☐

If **YES**, please attach policy.

2. Have you ever had an application for identity theft insurance declined or has a policy issued to you been cancelled or non-renewed by the insurance carrier?

YES ☐ NO ☐

If **YES**, please give details.

L. ATTESTATION

Please Read Carefully

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond or policy issued.

SIGNATURE

By: _____

Name *(Please type or print)*: _____

Title *(Must be Signed by President, CEO, CFO or Managing Partner)*: _____

Date Signed *(dd/mm/yyyy)*: _____

Time at Signing: _____

Producer: _____

Producer License Number: _____

Address: _____

F. FRAUD WARNING

All States (Unless a State-Specific Fraud Warning Applies)

NOTICE TO 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 act, which is a crime and may subject such person to criminal and civil penalties.

State-Specific

NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. 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 insurance 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 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 authorities. NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: 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. NOTICE TO FLORIDA APPLICANTS: 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. 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 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. NOTICE TO LOUISIANA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. 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 insurance company. Penalties may include imprisonment, fines or a denial of insurance benefits. NOTICE TO MARYLAND APPLICANTS: 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. 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 OHIO APPLICANTS: 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. NOTICE TO OKLAHOMA APPLICANTS: 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 (365:15-1-10, 36 §3613.1). NOTICE TO OREGON APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison. 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 TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the insurance company. Penalties include imprisonment, fines and denial of insurance benefits. NOTICE TO VERMONT 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 act, which may be a crime & may subject such person to criminal and civil penalties. 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.