

Property Management Crime Application

Application Instructions

Whenever used in this Application, the term "Applicant" shall mean the Named Insured and all subsidiaries or other organizations applying for coverage, unless otherwise stated.

I. General Information

Name of Applicant: _____

Address of Applicant: _____

City: _____ State: _____ Zip Code: _____

Telephone Number: _____

II. Internal Control Procedures for Managed Properties

1. How many properties are: Owned? _____ Managed? _____
Number of Commercial? _____ Number of Residential? _____
2. Are security deposits, monthly rents and assessments paid directly to the Applicant? ☐ Yes ☐ No
If "No", please explain the procedure:
3. Are security deposits, fees and assessments paid by:
☐ Check ☐ Cashier Check/Money ☐ Cash ☐ Electronically (Wire transfer)
4. Are pre-numbered receipts issued? ☐ Yes ☐ No
5. Are all checks received by the Applicant from managed properties stamped "For Deposit Only" immediately upon receipt? ☐ Yes ☐ No
6. Are managers required to make deposits on the same day that rent is received? ☐ Yes ☐ No
If "No", how often are deposits made and where is money held in the interim?
7. For on-site managers that collect rent, are there procedures in place to document and reconcile on site rent collections (such as written ledgers, Yardi system) which then gets forwarded to the Applicant's corporate location for verification? ☐ Yes ☐ No
8. Does the Applicant maintain separate accounts for each managed property, with funds for each property kept completely segregated from one another? ☐ Yes ☐ No
If "No", please explain Applicant's co-mingled account balance tracking mechanisms?

9. How often does the Applicant or the Applicant's internal/external auditors review the property collection and remittance process to determine procedures are being properly followed?
10. What are the Applicant's established procedures for remitting rent payments, security deposits, and assessment fees to property owners? (Wire transfer, local bank to main office, bank lockbox, etc.)
11. Does the Applicant have the authority to write checks, transfer funds and make disbursements on behalf of the properties you manage? ☐ Yes ☐ No
- a. If "Yes", are all checks from managed property accounts countersigned? ☐ Yes ☐ No ☐ N/A
- b. If "No", who signs checks (name/title) and are limits imposed on their signing authority?
12. Do those who sign checks from managed property accounts have any involvement in the reconciliation of property managed bank accounts and statements? ☐ Yes ☐ No
13. Does the Applicant submit monthly reports of income and expenses to all owners and associations? ☐ Yes ☐ No
If "No", how often are reports submitted? _____
14. How often does the Applicant verify past due accounts? _____
15. Does the Applicant submit to property owners a list of existing tenants and their applicable rental fees (rent roll) in order to confirm property vacancies and identify fictitious tenants? ☐ Yes ☐ No
If "Yes", is this list periodically verified by the Applicant's management or by property owners (or their representatives) by a physical inspection of the properties? ☐ Yes ☐ No ☐ N/A
16. Are physical verifications rotated so that no one person continuously inspects the same property? ☐ Yes ☐ No
17. Do any of the Applicant's managed properties use outside firms to provide janitorial and other maintenance services? ☐ Yes ☐ No
(If "No", the Applicant does not need to answer a. – c. below)
- a. If "Yes", does the Applicant have responsibility for making payments directly to the maintenance company? ☐ Yes ☐ No
- b. If "Yes", is the Applicant responsible for the hiring of these outside services? ☐ Yes ☐ No
- c. If "Yes", does the Applicant or the owner(s) validate that services have been performed and at the fee charged? ☐ Yes ☐ No

III. Declarations, Notices and Signature

The authorized signer of this Application represents to the best of their knowledge and belief that the statements set forth herein are true, accurate, complete and include all material information. The authorized signer also represents that any fact, circumstance or situation indicating the probability of a loss, claim, or legal action now known to any entity, official, or employee involving the proposed coverage has been declared, and it is agreed by all concerned that the omission of such information shall exclude any such loss, claim, or action from coverage under the insurance being applied for, whether or not disclosed. Any loss or claim based upon, arising out of or in connection with any misrepresentation, omission, concealment, untruthful, inaccurate, or incomplete statement of a material fact in this

Application or otherwise shall be excluded from coverage.* Signing of this Application does not bind The Hanover Insurance Company or any of its insurance affiliates or subsidiaries to offer, nor the authorized signer to accept insurance. It is agreed this Application and any attachments hereto shall be the basis of the insurance.

*For state of Washington and South Dakota applicants only: Any loss or claim based upon, arising out of or in connection with any intentional misrepresentation, omission, concealment, untruthful, inaccurate, or incomplete statement of a material fact in this Application or otherwise shall be excluded from coverage.

GENERAL FRAUD NOTICE: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly provides false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

ATTENTION APPLICANTS IN THE FOLLOWING JURISDICTIONS

ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, LOUISIANA, MARYLAND, NEW MEXICO, RHODE ISLAND AND WEST VIRGINIA: Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

CALIFORNIA: 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.

COLORADO: 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 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.

FLORIDA AND OKLAHOMA: 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 in FL).

KANSAS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

KENTUCKY, OHIO AND PENNSYLVANIA: 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.

MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON: 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 denial of insurance benefits. *Applies in ME Only.

NEW HAMPSHIRE AND NEW JERSEY: Any person who includes any false or misleading information to the best of her/his knowledge on an application for an insurance policy is subject to criminal and civil penalties.

OREGON: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

PUERTO RICO: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

VERMONT: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

NEW YORK: 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 civil penalties not to exceed five thousand dollars and the stated value of the claim for each such violation.

SIGNATURE OF APPLICANT'S AUTHORIZED REPRESENTATIVE

Date

Signature**

Title

**This Application must be signed by the chief executive officer, president, or chief financial officer of the Applicant's parent organization acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

Produced By: Producer: _____ Agency: _____

Taxpayer ID: _____ License Number: _____ Email: _____

Address (Street, City, State, Zip): _____