

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. Name and Address

Name of Applicant: _____

Address of Applicant: _____

City: _____ State: _____ Zip Code: _____

II. General Information

1. Operations:
 - a. Year established: _____
 - b. Applicant's Website(s): _____
 - c. Description of Applicant's Operations: _____
 - d. What is the Applicant's Standard Industrial Classification (SIC) code: _____
 - e. What is the Applicant's: Total number of employees: _____ Total number of locations: _____

2. Does the Applicant have any subsidiaries, franchises, or joint ventures for which coverage is requested? ☐ Yes ☐ No
If "Yes", attach a list of names, percentage of ownership and nature of operations for each.

3. Foreign Exposure:
 - a. Is the Applicant owned by a foreign (Non-U.S.) organization? ☐ Yes ☐ No
 - b. Does the Applicant have any of the following:
 - 1) Subsidiaries domiciled outside the U.S.? ☐ Yes ☐ No
 - 2) Branch or representative offices outside the U.S.? ☐ Yes ☐ No
 - 3) Joint ventures or partnerships with third parties outside the U.S.? ☐ Yes ☐ No
 - 4) Sales outside the U.S.? ☐ Yes ☐ No

If "Yes", to any part of question 3. please attach an explanation.

- c. Foreign Employee and Location Information:

Country	Type of Operation	# of Employees	# of Locations

III. Crime Internal Controls

Note: At the Applicant's discretion attach details for any "No" responses to the following questions by listing the question number along with the response.

Audit Procedures

1. Does the Applicant maintain an internal audit department? ☐ Yes ☐ No
If "No", is there an individual with internal audit responsibilities that include oversight and enforcement of internal control policies and procedures? ☐ Yes ☐ No

Human Resources / Payroll

2. Does the Applicant perform:
 a. Criminal background checks? ☐ Yes ☐ No
 b. Prior employment verification and reference checks? ☐ Yes ☐ No
 c. Drug testing? ☐ Yes ☐ No
3. Are separation of duties and management policies in place to prevent individual(s) authorized to hire, terminate, or change salary information from accessing payroll systems? ☐ Yes ☐ No
4. Does the Applicant have a program in place to detect possible "Ghost" employees? ☐ Yes ☐ No
"Ghost" employee means a person added to your payroll to collect a wage, even though they are not an actual employee

Check Handling and Disbursement Controls

5. Do employees who reconcile the monthly bank statement also:
 a. Sign checks? ☐ Yes ☐ No
 b. Handle deposits? ☐ Yes ☐ No
 c. Make withdrawals? ☐ Yes ☐ No
6. Is countersignature required on checks? ☐ Yes ☐ No
If "Yes", over what amount?: \$ _____
If "No", who can sign checks individually and what controls are in place over this person(s) to prevent their issuance of unauthorized checks?
7. Are all invoices verified against purchase orders, receiving reports, and an authorized vendor list prior to issuing payment? ☐ Yes ☐ No
8. Are all expense reports supported by applicable receipts and approved by a next level manager with knowledge of the employee's job requirements, travel itineraries, and necessary and usual expenses? ☐ Yes ☐ No

Vendor Controls

9. Does the Applicant maintain a list of authorized vendors that is updated at least annually? ☐ Yes ☐ No
10. Does the Applicant have procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized vendor list? ☐ Yes ☐ No
If "Yes", is due diligence conducted by someone other than the person requesting such addition? ☐ Yes ☐ No
11. Does the applicant prohibit those who have vendor approval authority from having access to or editing the authorized vendor list? ☐ Yes ☐ No
12. Does the Applicant have a system to detect payments to fictitious or unauthorized vendors / suppliers? ☐ Yes ☐ No
13. Are all invoices verified against purchase order, receiving reports, and the authorized vendor list prior to issuing payment? ☐ Yes ☐ No

Computer Funds Transfer Controls / Computer Security Controls

14. Has separation been established between the individuals responsible for approving computer funds transfers and processing computer funds transfers? ☐ Yes ☐ No
15. Are computer funds transfers reconciled the same day the transfer verifications are received by a person who did not initiate the request? ☐ Yes ☐ No
16. Are independent checks of computer funds transfer records done by a person not authorized to approve or initiate such transfers? ☐ Yes ☐ No
17. Does the Applicant employ Multifactor Authentication (MFA) before allowing any external access to their computer systems? ☐ Yes ☐ No
18. Are access controls in place to prevent unauthorized users from gaining access to programs and files? ☐ Yes ☐ No

Inventory Controls

19. Please check all of the following characteristics that apply to the Applicants Business operations:

<input type="checkbox"/> Computer Chips	<input type="checkbox"/> Art collection or other valuable collectibles	<input type="checkbox"/> Precious metals or gemstones
<input type="checkbox"/> Narcotics	<input type="checkbox"/> Special secured/locked retail inventory	<input type="checkbox"/> Warehousing operations
<input type="checkbox"/> Alcohol or Tobacco	<input type="checkbox"/> Care, custody and control of clients' property	<input type="checkbox"/> Manage assets of others

If any of the above are checked, please attach a description of how such exposures are restricted, controlled and monitored.
20. Are the duties of purchasing, receiving, storekeeping, and shipping separate so that no one person can control these functions from beginning to end? ☐ Yes ☐ No
21. Are physical inventories conducted at least annually? ☐ Yes ☐ No
22. Are perpetual inventories of materials and supplies maintained and periodically reconciled to a physical inventory count? ☐ Yes ☐ No
23. Is physical inventory protected by:

a. Alarm system?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Video camera?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Security guards?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Security fencing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
24. Does the Applicant use, purchase, or sell any base metals in its business operations such as steel, aluminum, copper, nickel, or iron? ☐ Yes ☐ No ☐ N/A
25. Does the Applicant warehouse for others? ☐ Yes ☐ No
If "Yes", what does the Applicant warehouse?

Foreign Exposure

26. Are internal controls, as represented in this Crime Insurance Information section, the same for all international locations? ☐ Yes ☐ No ☐ N/A

IV. 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): _____