

## Investment Advisors Crime Application

**DEFENSE WITHIN LIMITS: THE AMOUNT OF MONEY AVAILABLE UNDER THE POLICY TO PAY SETTLEMENTS OR JUDGEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY DEFENSE EXPENSES, INCLUDING BUT NOT LIMITED TO FEES PAID TO ATTORNEYS TO DEFEND YOU.**

### 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

If a Hanover Renewal, Policy and/or Bond Number: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

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

Date Business Established: \_\_\_\_\_ Web site: \_\_\_\_\_

Effective Date of Coverage: \_\_\_\_\_ Is the Applicant registered with the SEC? ☐ Yes ☐ No

### II. Coverage Requested

Coverage	Limit of Liability	Deductible
Employee Theft	\$	\$
Forgery or Alteration	\$	\$
Inside the Premises – Theft of Money and Securities	\$	\$
Inside the Premises – Robbery or Safe Burglary of Other Property	\$	\$
Outside the Premises	\$	\$
Computer Fraud	\$	\$
Funds Transfer Fraud	\$	\$
Money Orders and Counterfeit Paper Currency	\$	\$

### III. Current Crime Insurance Coverage, Loss Experience and Location Information

1. Does the Applicant have Crime Insurance? ☐ Yes ☐ No

*If "Yes", please complete the following:*

Insurance Carrier	Limit of Insurance	Deductible	Expiring Premium
	\$	\$	\$

2. Has any similar insurance been declined or cancelled during the past three years? ☐ Yes ☐ No

*(Not Applicable in Missouri)*

*If "Yes", please explain:*

3. Has the Applicant sustained a loss, whether reimbursed or not, during the last 5 years? ☐ Yes ☐ No  
If "Yes", on a separate page, please provide a list of all losses sustained during the past three years, whether reimbursed or not.
4. Total number of employees: \_\_\_\_\_  
Total number of foreign employees (if any): \_\_\_\_\_  
Total number of Independent Contractors (if any): \_\_\_\_\_  
Total number of foreign Independent Contractors (if any): \_\_\_\_\_
5. Number of Additional Locations: \_\_\_\_\_

### IV. Underwriting Information

1. Audit Procedures & Internal Control Procedures
- a. Is an independent CPA firm involved in the Applicant's financial reporting? ☐ Yes ☐ No  
If "Yes", what is the level of accounting? ☐ Audit ☐ Review ☐ Compilation
- b. Does the Applicant ever take physical custody of their client's assets? ☐ Yes ☐ No
- c. Has the Applicant ever committed or charged with any SEC disciplinary violation? ☐ Yes ☐ No  
If "Yes", please provide details by attachment to this application.
- d. Do employees who reconcile the monthly bank statements also sign checks, handle deposits or have access to check signing machines or signature plates? ☐ Yes ☐ No
- e. Is countersigning of checks required? ☐ Yes ☐ No  
If "Yes", at what dollar value is a countersignature required? \$ \_\_\_\_\_  
If countersignature is not required, please explain if there are alternative controls regarding check signing and what they consist of:
- f. Does someone, other than the person authorized to provide investment advice for clients, review statements of account activity? ☐ Yes ☐ No
- g. Does the Applicant have an associated or affiliated department or company which takes custody of the assets of clients for whom they provide investment advice? ☐ Yes ☐ No  
If "Yes", please identify and describe the circumstances:
2. Pre-Employment Screening  
(Conducted prior to hiring in all business units)
- a. Does the Applicant perform criminal background checks? ☐ Yes ☐ No
- b. Does the Applicant perform reference checks that include prior employers during the past 5 years? ☐ Yes ☐ No
- c. Does the Applicant perform credit checks? ☐ Yes ☐ No
3. Payroll Controls
- a. Does the Applicant outsource their payroll function? ☐ Yes ☐ No
- b. Are management policies and computer system controls in place to prevent persons who approve new hires from adding them into the payroll? ☐ Yes ☐ No
4. Computer & Funds Transfer Controls  
(Complete only if the Applicant is requesting this Coverage)

- a. Is there a software security system in place to detect fraudulent computer usage by employees or outsiders? ☐ Yes ☐ No
- b. Are passwords and access codes changed at regular intervals and when users are terminated? ☐ Yes ☐ No
- c. Has separation been established between the individuals responsible for approving and processing wire transfers, ACH and EFT's? ☐ Yes ☐ No

### VI. 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): \_\_\_\_\_