

Please type responses. We cannot accept handwritten responses.



The Hanover Insurance Company | 440 Lincoln Street, Worcester, MA 01653
Citizens Insurance Company of America | 645 West Grand River Avenue, Howell, MI 48843
Massachusetts Bay Insurance Company | 440 Lincoln Street, Worcester, MA 01653

If Hanover Renewal, Bond Number: _____

Crime Application for Investment Advisors

Name of Insured: _____
(First Named Insured and all additional insureds. Attach separate sheet if necessary)

Principal Address: _____

Date Business Established: _____ Web site: _____

Effective Date of Coverage: _____

Is your Firm Registered with SEC? Yes No

| Coverage Requested: | Limit of Liability | Deductible |
|---|--------------------|------------|
| 1. Employee Theft | \$ _____ | \$ _____ |
| 2. Forgery or Alteration | \$ _____ | \$ _____ |
| 3. Inside the Premises – Theft of Money and Securities | \$ _____ | \$ _____ |
| 4. Inside the Premises – Robbery or Safe Burglary Of Other Property | \$ _____ | \$ _____ |
| 5. Outside the Premises | \$ _____ | \$ _____ |
| 6. Computer Fraud | \$ _____ | \$ _____ |
| 7. Funds Transfer Fraud | \$ _____ | \$ _____ |
| 8. Money Orders and Counterfeit Paper Currency | \$ _____ | \$ _____ |

2) Do you currently have Crime Insurance? Yes No

If yes, please complete:

Insurance Carrier: _____ Limit of Insurance: _____ Deductible _____ Expiring Premium _____

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

If yes, please explain: _____

3) Loss Experience (during the last 5 years) Check if none
On a separate page, please provide a list of all losses sustained during the past three years, whether reimbursed or not.

4) Employees
Total Number of Employees: _____ Number of Foreign Employees (if any): _____

Total Number of Independent Contractors: _____ Total Number of Foreign IC's: _____

5) Location Information:
Number of additional Locations: _____

6) 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. Do you ever take physical custody of your client's assets? Yes No

- D. Have you ever committed or have you been charged with any SEC disciplinary violation? Yes No
 If yes, please provide details by attachment to this application.
- E. 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
- F. Is countersignature of checks required? Yes No
 At what dollar value is countersignature required? \$ _____
 If countersignature is not required, please explain if you have alternative controls regarding check signing:
-

- G. Does someone, other than the person authorized to provide investment advice for clients, review statements of account activity? Yes No
- H. Do you have an associated or affiliated department or company which takes custody of the assets of clients for whom you provide investment advice? Yes No
 If yes, identify and describe the circumstances _____
-

7) Pre-Employment Screening (conducted prior to hiring in all business units):

- A. Do you perform criminal background checks? Yes No
- B. Do you perform reference checks that include prior employers during past five years? Yes No
- C. Do you perform credit checks? Yes No
-

8) Payroll Controls

- A. Do you outsource your 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
-

9) Computer & Funds Transfer Controls (Complete only if you are 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
- E. Is there a written policy regarding wire transfers? Yes No
-

10) MATERIAL CHANGE

If any of the Applicants discover or become aware of any significant change in the condition of the Applicant between the date of this Application and the policy inception date, which would render the Application inaccurate or incomplete, notice of such change will be reported in writing to us immediately and any outstanding quotation may be modified or withdrawn.

11) DECLARATIONS, NOTICE AND SIGNATURES

The submission of this Application does not obligate the Insurer to issue, or the Applicant to purchase, a policy. The Applicant will be advised if the Application for coverage is accepted.

The authorized signer of this application represents to the best of his/her 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 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 claim or action from coverage under the insurance being applied for, whether or not disclosed. Any 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 supplemental application or otherwise shall be excluded from coverage. Signing of this application does not bind Allmerica Financial Benefit 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 and will be incorporated by reference and made part of the policy should a policy be issued.

12) FRAUD NOTICES

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.

NOTICE TO ALABAMA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

NOTICE TO ARIZONA AND MISSOURI APPLICANTS: Claim Expenses are Inside the Policy Limits. All claim expenses shall first be subtracted from the limit of liability, with the remainder, if any, being the amount available to pay for damages.

NOTICE TO ARKANSAS, LOUISIANA 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 CALIFORNIA APPLICANTS: For your protection, California law requires the following to appear on this form: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state 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 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.

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 HAWAII APPLICANTS: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

NOTICE TO IDAHO AND OKLAHOMA APPLICANTS: 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.

NOTICE TO KANSAS APPLICANTS: Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by 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.

NOTICE TO KENTUCKY 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.

NOTICE TO MAINE, 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 company. Penalties include imprisonment, fines and 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 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 MICHIGAN APPLICANTS: Any person who knowingly and with intent to defraud an insurance company or another 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 act, which is a crime and subjects the person to criminal and civil penalties.

NOTICE TO NEW JERSEY APPLICANTS: Any person who knowingly includes any false or misleading information on an application for an insurance policy or files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

NOTICE TO NEW HAMPSHIRE 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 company. Penalties may include imprisonment, fines, denial of insurance and civil damages.

NOTICE TO NEW MEXICO AND RHODE ISLAND 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 civil fines and criminal 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 OREGON APPLICANTS: Any person who knowingly and with intent to defraud or solicit another to defraud any insurance company: (1) by submitting an application, or (2) by filing a claim containing a false statement as to any material fact, may be violating state law.

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 VERMONT APPLICANTS: 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.

Note: This Application must be signed by the chief executive officer or chief financial officer of the Applicant acting as the authorized representatives of the person(s) and entity(ies) for this insurance.

Signature: _____
Name and Title

Date: _____

| |
|---|
| Bond No: _____ |
| Agency Code: _____ |
| Produced By: Agent: _____ |
| Agent Signature: _____ Agent License No.: _____ |
| Agency Taxpayer ID or SS No.: _____ |
| Agency: _____ |
| Address (Street, City, State, Zip): _____ |
| _____ |

I. APPLICATION INSTRUCTIONS

Whenever used in this Application, the terms "Organization", "you" and "your" shall mean the **Named Insured** and all subsidiaries or other organizations applying for False Pretense coverage, unless otherwise stated.

II. GENERAL INFORMATION

1. Name of Organization: _____
2. Address of Organization: _____
City: _____ State: _____ Zip Code: _____ Telephone: _____
3. Do you have an employee or outside resource that is responsible for your organization's email security? Yes No

III. VENDOR / SUPPLIER CONTROLS

1. Are all vendor/supplier bank accounts approved for use in writing by a representative of both you and the vendor/supplier at the time such parties enter into a contract? Yes No
2. Do you have written and documented procedures in place which are provided to your employees and which require employees to authenticate all requested changes to vendor/supplier information (such as bank account, routing number, contact information) with a phone call to an authorized representative of the vendor/supplier, at a phone number provided at the time of contracting? Yes No
3. Do you require all changes to vendor/supplier information and supporting documentation to be signed off by a next level officer, manager or supervisor prior to processing any requested change? Yes No

IV. CUSTOMER / CLIENT CONTROLS

1. Do you have custody or control over any funds or accounts of any customers/clients? Yes No
2. Do you perform bill payment services, collection services, payroll services, investment services, or any type of third party administrative services for customers/clients? Yes No
3. Do you have access to customer/client accounting or purchasing systems? Yes No

If "no" to questions 1, 2 and 3 of this section, proceed to section V.

4. Do you accept funds transfer instructions from clients or customers over the telephone, email, text message or similar method of communication? Yes No

If "Yes" do you have written and documented procedures in place which are provided to your employees and which require employees to authenticate such instructions? (Check all that apply):

- a. By calling the customer or client at a predetermined phone number? Yes No
- b. By sending a text message to a predetermined number? Yes No
- c. By requiring a secret code or other method of identification known only to the customer/client to confirm identity? Yes No

If "No" to all of the above, please explain how you authenticate funds transfer instructions from clients or customers?

- 5 Do you authenticate all requested changes to customer/client information (such as bank account, routing number, contact information) with a phone call to an authorized representative of the customer/client, at a phone number provided at the time of contracting? Yes No

V. INTERNAL WIRE TRANSFER REQUESTS AND CONTROLS

1. Is authority to initiate a wire transfer documented in writing by you and limited to specific employees with specific dollar thresholds? Yes No
2. Do you have written and documented procedures which are provided to your employees, whereby your employees that process wire transfers are to never process an internal request:
- a. Unless the request comes from someone with documented authority and within their established dollar threshold? and Yes No
 - b. Without first validating the request with a call back to the requestor (inclusive of any owner) at a pre-determined work phone number? Yes No

If "No" to either of the above, please explain your procedures for authenticating an internal wire transfer request.

3. Do you require next level officer, manager or supervisor approval to be obtained before processing a wire transfer? Yes No
4. Do you allow wire transfer authority to be delegated to anyone verbally or in writing? Yes No
5. Do you provide social engineering training on at least an annual basis to employees that have wire transfer or accounts payable authority that educates them on:
- a. How to detect and identify social engineering scams where a fraudulent email or phone call from a purported vendor or client is received, requesting their vendor or client bank account information be changed? Yes No
 - b. How to detect and identify social engineering scams where a fraudulent email or phone call from a purported owner or employee of yours is received, requesting a wire transfer be made on their behalf? Yes No

If "No", what kind of training do you provide to help them identify these types of fraudulent schemes and how often?

VI. LOSS EXPERIENCE

Have you ever been fraudulently induced to part with any assets due to a phishing, spear phishing, social engineering or false pretense related scheme? Yes No

If "yes", please provide an attachment to this application with the following information:

- 1) the amount of the loss;
- 2) date of the loss;
- 3) details of the scheme;
- 4) controls that were circumvented or absent;
- 5) corrective measures that have since been implemented; and
- 6) any other information a reasonable person would deem relevant to the loss.

VII. DECLARATIONS, NOTICE AND SIGNATURES

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.

NOTICE TO ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, LOUISIANA, NEW MEXICO, RHODE ISLAND 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 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.

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 OKLAHOMA 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.

NOTICE TO KANSAS APPLICANTS: 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.

NOTICE TO KENTUCKY, OHIO AND 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 MAINE APPLICANTS: 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.

NOTICE TO MARYLAND APPLICANTS: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or 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 OREGON APPLICANTS: 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.

NOTICE TO PUERTO RICO APPLICANTS: 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.

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 company. Penalties include imprisonment, fines and denial of insurance benefits.

It is understood that the first premium upon the Policy applied for, and subsequent premiums thereon, are due at the beginning of each premium period, that the Underwriter is entitled to additional premiums because of any unusual increase in the number of Employees or Premises and that the Applicant agrees to pay all such premiums promptly. The Employees of the Applicant have all, to the best of the Applicant's knowledge and belief, while in the service of the Applicant always performed their respective duties honestly. There has never come to its notice or knowledge any information which in the judgment of the Applicant indicates that any of the said Employees are dishonest. Such knowledge as any officer signing

for the Applicant may now have in respect to his own personal acts or conduct unknown to the Applicant, is not imputable to the Applicant.

The authorized signer of this **Application** represents to the best of his/her 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 **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 **Claim** or action from coverage under the insurance being applied for, whether or not disclosed. Any **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 supplemental **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 and will be incorporated by reference and made part of the policy should a policy be issued.

Note: This **Application** must be signed by the chief executive officer or chief financial officer of the Applicant acting as the authorized representatives of the person(s) and entity(ies) for this insurance.

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 subjects such person to criminal and civil penalties not to exceed five thousand dollars and the stated value of the claim for each such violation.

Signature: _____ Date: _____
Name and Title

| |
|---|
| Hanover Bond No: _____ |
| Agency Code: _____ |
| Produced By: Agent: _____ |
| Agent Signature: _____ Agent License No.: _____ |
| Agency Taxpayer ID or SS No.: _____ |
| Agency: _____ |
| Address (Street, City, State, Zip): _____ |
| _____ |