

# Nonprofit Entity Advantage

## New York New Business Application

*Underwritten by The Hanover Insurance Company*

THIS APPLICATION IS FOR A CLAIMS-MADE POLICY. SUBJECT TO ITS TERMS, THIS POLICY COVERS ONLY CLAIMS ACTUALLY MADE AGAINST THE INSURED WHILE THE POLICY REMAINS IN EFFECT. THERE IS NO COVERAGE FOR WRONGFUL ACTS OCCURRING PRIOR TO THE RETROACTIVE DATE, IF ANY. ALL COVERAGE UNDER THE POLICY CEASES UPON THE TERMINATION OF THE POLICY, EXCEPT FOR THE AUTOMATIC REPORTING PERIOD COVERAGE OF 60 DAYS OR ANY EXTENDED REPORTING PERIOD COVERAGE OF 1, 2, 3, 4, 5 or 6 YEARS THAT THE INSURED MAY CHOOSE TO PURCHASE. POTENTIAL COVERAGE GAPS MAY ARISE UPON EXPIRATION OF THE EXTENDED REPORTING PERIOD.

DURING THE FIRST SEVERAL YEARS OF THE CLAIMS-MADE RELATIONSHIP, CLAIMS-MADE RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES, EXPECT SUBSTANTIAL ANNUAL PREMIUM INCREASES, INDEPENDENT OF OVERALL RATE LEVEL INCREASES, UNTIL THE CLAIMS-MADE RELATIONSHIP REACHES MATURITY.

UNLESS OTHERWISE SPECIFIED HEREIN, THIS POLICY IS WRITTEN ON A DEFENSE EXPENSE WITHIN LIMITS BASIS. THE LIMITS OF LIABILITY CAN BE COMPLETELY EXHAUSTED BY DEFENSE EXPENSES AND THE INSURER WILL HAVE NO LIABILITY FOR LEGAL DEFENSE COSTS OR FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE LIMITS STATED IN THIS POLICY. DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION AMOUNT.

PLEASE READ THE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

### I. 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.
- Include all requested underwriting information indicated in Section XIII. below.
- Complete the relevant sections of this application and any Supplemental Applications in accordance with the coverages being requested.

### II. GENERAL INFORMATION

1. Name of Applicant: \_\_\_\_\_
2. Address of Applicant: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Telephone: \_\_\_\_\_
3. Name and Address (if different than above) of Primary Contact (Executive Officer authorized to receive notices and information regarding the proposed policy):  
Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_
4. Individual responsible for human resources or employment law matters (*Loss Prevention services contact*):  
Name: \_\_\_\_\_ Title: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_ Telephone: \_\_\_\_\_
5. State of incorporation: \_\_\_\_\_ Date established: \_\_\_\_\_
6. Describe the Applicant's operations:  
\_\_\_\_\_  
\_\_\_\_\_

7. Does the applicant have any of the following:
- a. Subsidiaries domiciled outside the U.S.?
  - b. Branch or representative offices outside the U.S.?
  - c. Joint ventures or partnerships with third parties outside the U.S.?
  - d. Revenue or donations originating outside the U.S.?
- If "Yes", please attach details including the country(ies), nature of operations, and names of venture partners including percentage ownership.*
8. Within the past 3 years, has there been any change (resignations, departures, retirements, etc.) in the position of the Chairman of the Board, Executive Director, President, Chief Executive Officer or Chief Financial Officer (or equivalent positions)?
- If "Yes", please attach the following details: Name of individual(s); date of change; and reason for change.*
9. In the next 12 months (or during the past 18 months) is the Applicant contemplating (or has the Applicant completed or been in the process of completing):
- a. Any merger, acquisition, or divestment?
  - b. Any change in outside auditors?
  - c. Any reorganization or arrangement with creditors under federal or state law?
  - d. Any branch, location, facility, office, or subsidiary closings, consolidations or layoffs?
- If "Yes" to any part of Question 9, please attach an explanation.*
10. Does the Applicant have any subsidiaries for which coverage is requested?
- If "Yes", please attach a list of these entities and indicate nature of business for each.*

☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No

☐ Yes ☐ No

**IMPORTANT:** It is understood and agreed that coverage is not provided for subsidiaries in Question 10 unless the information requested above is provided.

11. Does the Applicant currently have tax-exempt status under the U.S. Internal Revenue Service Code?
- If "Yes" under which IRSC Section? \_\_\_\_\_*
- If "No" please attach a full explanation.*
12. Does the applicant:
- a. Provide any professional services, including but not limited to, legal counseling or medical care?
  - b. Conduct peer review, standard setting, certification, accrediting, or credentialing activities?
  - c. Promote, sponsor or provide any form of insurance to its members or non-members?
  - d. Transact electronic commerce on behalf of itself, members or third parties?
  - e. Have membership in any nonprofit or professional associations?
  - f. Operate or sponsor a Political Action Committee (PAC)?
- If "Yes" please attach a full description of details.*
13. Is the Applicant in compliance with all debt and/or loan covenants?
- If "No" please attach a full explanation*
14. Please complete the following financial information for the most recent fiscal year (indicate month/year):
- \_\_\_\_\_ Month \_\_\_\_\_ Year, or check box if attaching most recent year-end financial statements instead: ☐

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

☐ Yes ☐ No

Financial Data	Current Year	Previous Year
Total Assets:	\$	\$
Fund Balance (Net Assets):	\$	\$
Total Revenue:	\$	\$

15. Please provide the following information regarding the Applicant's employees.

Number of Employees	Current Year	Previous Year
Full Time (include Independent Contractors):		
Part Time (include leased and seasonal):		
Volunteers:		
Located in California:		
Located outside the U.S.:		

### III. REQUESTED COVERAGE

Indicate below which coverages are being requested. Complete only those sections of this Application which pertain to requested coverage.

Coverage Part	Requested Limit(s)
<input type="checkbox"/> Directors & Officers and Entity Liability	\$
<input type="checkbox"/> Employment Practices Liability	\$
<input type="checkbox"/> Fiduciary Liability	\$
<input type="checkbox"/> Crime Coverage	\$
<input type="checkbox"/> Cyber Privacy & Security Coverage	\$
<input type="checkbox"/> Kidnap & Ransom Coverage	\$

### IV. CURRENT INSURANCE INFORMATION

Please provide the following information regarding the Applicant's most recent insurance. If no coverage is currently in place, please indicate with "N/A".

**IMPORTANT:** The **Insurer** will rely upon the declarations and statements contained in any prior application(s) submitted and the Applicant understands and agrees that those declarations and statements will be incorporated into any policy issued by the **Insurer**.

Coverage Part	Insurer	Coverage Date*	Limit(s) of Liability	Retention	Premium	Expiration Date
Directors & Officers Liability			\$	\$	\$	
Employment Practices			\$	\$	\$	

Liability						
Fiduciary Liability			\$	\$	\$	
Crime Coverage		N.A.	\$	\$	\$	
Cyber Privacy & Security Coverage			\$	\$	\$	
Kidnap & Ransom			\$	\$	\$	

\* Coverage Date refers to the "Prior & Pending Date", "Prior Acts Date", "Retroactive Date" or similar term shown on the declarations page of the current policy.

- Has the Applicant exercised any Extended Reporting Period (or Discovery Period) for any Coverage Parts to which this application relates? ☐ Yes ☐ No
- Within the past 5 years has the Applicant given notice of any claim, circumstance, or potential claim to any insurer under any of the coverage parts to which this application relates? ☐ Yes ☐ No  
*If "Yes", please attach a full explanation of the claim, circumstance, or potential claim.*
- Within the past 5 years has the Applicant cancelled or non-renewed any coverage parts to which this application relates? **(Not Applicable In Missouri)** ☐ Yes ☐ No  
*If "Yes", please explain.*

#### V. DIRECTORS AND OFFICERS LIABILITY INFORMATION

- During the past 5 years, has the Applicant or any organization or person proposed for coverage been the subject of, or been involved in, any of the following:
  - Anti-trust, copyright or patent litigation? ☐ Yes ☐ No
  - Civil, criminal or administrative proceeding alleging violation of any Federal or State laws? ☐ Yes ☐ No
  - Civil, criminal or administrative proceeding alleging violation of any Federal or State Anti-Trust or Fair Trade Law? ☐ Yes ☐ No
  - Any other criminal actions? ☐ Yes ☐ No
  - Any action for suspension or revocation of a license, authority or for any professional disciplinary sanction? ☐ Yes ☐ No*If "Yes" to any of the above in Question 1, attach a full description of the details.*
- Other than those identified in your response to Question 1 above, has any claim been brought at any time during the last 5 years against (i) any Applicant or (ii) any proposed insured individual in his or her capacity as a director or officer of any entity? ☐ Yes ☐ No  
*If "Yes" please attach a full description of the details.*
- Does the Applicant hold any patents? ☐ Yes ☐ No  
*If "Yes" please attach a list and description.*

#### VI. EMPLOYMENT PRACTICES LIABILITY INFORMATION

- What percentage of the Applicant's Employees currently earn more than \$100,000? %

2. Does the Applicant have written procedures in place regarding:
  - a. Equal Opportunity Employment: ☐ Yes ☐ No
  - b. Anti- Discrimination ☐ Yes ☐ No
  - c. Anti-Sexual Harassment ☐ Yes ☐ No
  - d. Employment at Will: ☐ Yes ☐ No
  - e. Progressive Discipline: ☐ Yes ☐ No
  - f. Handling complaints of sexual harassment or discrimination: ☐ Yes ☐ No
  - g. ADA accommodations: ☐ Yes ☐ No
  
3. Does the Applicant:
  - a. Distribute and document the receipt of an employee handbook to all employees? ☐ Yes ☐ No
  - b. Have written procedures in place that are distributed to each employee if the Applicant does not have an employee handbook? ☐ Yes ☐ No
  - c. Conduct performance evaluations to determine if an employee will maintain his/her employment or be considered for a promotion? ☐ Yes ☐ No  
*If "Yes", please attach a full description with details.*
  - d. Have a full-time human resources manager or department? ☐ Yes ☐ No
  - e. Review all terminations with human resources or in-house / outside counsel? ☐ Yes ☐ No
  - f. Conduct training regarding anti-discrimination and anti-sexual harassment policies and procedures using in-house human resource staff or an outside vendor? ☐ Yes ☐ No
  
4. During the past 5 years, has any Applicant in any capacity, been involved in any lawsuit, charges, inquiries, investigations, grievances or other administrative hearings or proceedings before any of the following agencies and/or any of the following forums, including both domestic and foreign equivalents? ☐ Yes ☐ No
  - a. National Labor Relations Board? ☐ Yes ☐ No
  - b. Equal Employment Opportunity Board? ☐ Yes ☐ No
  - c. Office of Federal Contract Compliance Programs? ☐ Yes ☐ No
  - d. U.S. Department of Labor? ☐ Yes ☐ No
  - e. Any State or Local Government agency such as the Labor Department or Fair Employment Agency? ☐ Yes ☐ No
  - f. U.S. District or State Court? ☐ Yes ☐ No*If "Yes" to any of the above in Question 4, please attach a full description with details.*
  
5. Does the Applicant have established policies and procedures:
  - a. Outlining employee conduct when dealing with third parties, including non-discrimination and non-harassment statements? ☐ Yes ☐ No
  - b. Outlining independent contractor conduct when dealing with third parties, including non-discrimination and non-harassment statements? ☐ Yes ☐ No
  - c. For responding to complaints of harassment, discrimination or civil rights violations from third parties? ☐ Yes ☐ No
  
4. What percentage of the Applicant's employees work at customer locations or perform a majority of their functions off-site? %
  
5. During the past 5 years, has the Applicant had any action or civil suit brought against them by a customer, client or third party alleging harassment, discrimination, or civil rights violations? ☐ Yes ☐ No  
*If "Yes" please attach a full description of the details.*
  
6. What is the percentage of employee turnover in the last twelve months? %

## VII. FIDUCIARY LIABILITY INFORMATION

1. Please list the names and types of **Applicant's** employee benefits plan(s). Attach additional pages if needed.
  - *Defined Contribution (DC), Defined Benefit (DB), Employee Stock Ownership (ESOP), Excess Benefit or Top Hat (EBP)*

Plan Names (Do not include health & welfare plans)	Plan Assets (Most current year)	Type of Plan*	Funding (DB only) Under or Over Funded by more than 25%	Number of Plan Participants	Third Party or Outside Administrators
			<input type="checkbox"/> Yes <input type="checkbox"/> No		
			<input type="checkbox"/> Yes <input type="checkbox"/> No		
			<input type="checkbox"/> Yes <input type="checkbox"/> No		

2. Does the Applicant handle any investment decisions in-house?  
*If "Yes," please describe: \_\_\_\_\_* ☐Yes ☐No
3. If "No" to question 2 above, do the fiduciaries review the investment guidelines used by the investment managers at least annually? ☐Yes ☐No
4. Are all plans in compliance with plan agreements and ERISA?  
*If "No," please describe: \_\_\_\_\_* ☐Yes ☐No
5. Has any employee benefit plan:
  - a. Invested in securities of the Applicant? ☐Yes ☐No
  - b. Invested in more than 10% of any entity other than the Applicant or a pooled investment vehicle such as a mutual fund? ☐Yes ☐No
  - c. Loaned or pledged any employees benefit plan assets to any party-in-interest (including the Applicant)? ☐Yes ☐No*If "Yes" to any of the above in Question 5, please attach a full description with details.*
6. Are there any overdue Applicant contributions for any plan, or has any plan requested or contemplated filing a request for a waiver of contributions?  
*If "Yes", please attach a full description with details.* ☐Yes ☐No
7. Within the last 3 years, has there been, or is there currently under consideration, any restructuring, spin-off, transfer, consolidation, merger, termination or other similar transaction of any employee benefit plan?  
*If "Yes", please attach a full description with details.* ☐Yes ☐No
8. Are all employee welfare benefit plans compliant with the Health Insurance Portability and Accountability Act (HIPPA)? ☐Yes ☐No
9. Does the plan sponsor comply with the summary plan description requirements under ERISA for all employee benefit plans? ☐Yes ☐No
10. Do all employee benefit plans have a written investment policy? ☐Yes ☐No
11. Is the "fair market value" of all employee benefit plans calculated annually?  
*If "No" to any of the above in Questions 8-11, please attach a full description with details.* ☐Yes ☐No
12. During the past 5 years, has there been, or is there currently, any investigation by the IRS, Department of Labor (DOL) Pension Benefit Guarantee Corporation (PBGC), or any other State or Federal Agency of any employee benefit plan or any current or former fiduciary of such employee benefit plan?  
*If "Yes" please attach a full description of the details.* ☐Yes ☐No

#### VIII. CYBER PRIVACY AND SECURITY COVERAGE

1. Please provide the following:

Number of Donor/Customer/Patient Records: \_\_\_\_\_  
 Number of Online Customers: \_\_\_\_\_

Total Number of IP Addresses Assigned: \_\_\_\_\_  
 Number of Active IP Addresses: \_\_\_\_\_  
 Gross Revenue from on-line donations, sales or services: \_\_\_\_\_  
 Estimated Number of Credit Card Transactions if applicable: \_\_\_\_\_

2. Requested Coverage

Insuring Agreement	Requested Limit	Requested Retention
Privacy and Security Liability	\$	\$
Cyber Media Liability	\$	\$
Breach Event Expenses	\$	\$
Breach Reward Expenses	\$	\$
Breach Restoration Expenses	\$	\$
Cyber Investigations	\$	\$
Cyber Business Interruption	\$	\$
Cyber Extortion	\$	\$
Cyber Theft	\$	\$

3. Please indicate the type of information that the Applicant collects and which resides on the Applicant's or service provider's systems and networks.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Credit Card Numbers      | <input type="checkbox"/> Race, Ethnicity, National Origin    | <input type="checkbox"/> Salary and Compensation        |
| <input type="checkbox"/> Social Security Numbers  | <input type="checkbox"/> Data Regarding Sexual Orientation   | <input type="checkbox"/> Criminal Records               |
| <input type="checkbox"/> Email Addresses          | <input type="checkbox"/> Account Numbers                     | <input type="checkbox"/> Disability Status              |
| <input type="checkbox"/> Medical Information      | <input type="checkbox"/> Financial Data (i.e. credit rating) | <input type="checkbox"/> Civil Judgments                |
| <input type="checkbox"/> National ID Numbers      | <input type="checkbox"/> Passwords, Including PINs           | <input type="checkbox"/> Clients' Intellectual Property |
| <input type="checkbox"/> Drivers' License Numbers | <input type="checkbox"/> Usernames                           |   |

4. Does the applicant utilize third-party service providers for:

- |   |  |
|---|--|
| a. Back up of electronic data?                  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b. Web-site hosting?                            | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| c. Processing or maintenance of sensitive data: | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| d. Maintenance of applications?                 | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| e. Infrastructure hosting?                      | <input type="checkbox"/> Yes <input type="checkbox"/> No |

*If "Yes" to any of the above please attach a list of providers and services offered.*

5. With respect to the written contracts with the service providers identified in Question 33:

- |  |  |
|--|--|
| a. Are contracts reviewed by in-house or outside counsel?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b. Do contracts require the Applicant to be indemnified and "held harmless" for the errors or omissions of the service provider? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| c. Is the service provider required to carry errors & omissions insurance or "cyber liability" insurance?                        | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| d. Is the liability of the service provider limited or restricted in any manner?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |



6. Has the applicant evaluated the level of security provided by any of the service providers used per the question above?
 

☐ Yes ☐ No

  - a. Review of SAS Type I or SAS Type II
 

☐ Yes ☐ No
  - b. Review of SSAE 16
 

☐ Yes ☐ No
  - c. Review of security audit conducted by third party
 

☐ Yes ☐ No
  - d. Other, please describe: \_\_\_\_\_
 

☐ Yes ☐ No
7. Does the Applicant have an information security policy?
 

☐ Yes ☐ No
8. Does the Applicant's information security policy identify and proscribe the type and level of protection for all of the Applicant's information assets, electronic and physical, whether held by the Applicant or by a person or organization providing services to the Applicant?
 

☐ Yes ☐ No
9. Does the Applicant's information security policy include the following?
 

☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No

  - a. Defined duties and responsibilities of an Information Security Officer
  - b. Requirements for confidentiality agreements for employees, vendors and contractors
  - c. Document classification protection and destruction protocols
  - d. Requirements for employee usage of system assets
  - e. Protection requirements for sensitive information stored on mobile devices (e.g. laptops, tablets, smartphones).
  - f. Protection requirements for sensitive information stored on other electronic media (e.g. backup tapes, CD's, USB drives).
10. Are all users of the Applicant's network issued unique passwords?  
 If "Yes" are passwords subject to enforced password complexity and change requirements?
 

☐ Yes ☐ No  
☐ Yes ☐ No
11. Do all users of the Applicant's network have designated rights and privileges for access to information and use of the Applicant's network?
 

☐ Yes ☐ No
12. Does the Applicant have policies regarding the following?
 

☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No

  - a. Internet usage
  - b. Use of social networking sites or applications
  - c. E-mail usage
  - d. Privacy
  - e. Are employees required to acknowledge that they are aware of such policies listed in a-d above?
13. Are penetration tests and vulnerability scan tests conducted on the Applicant's public-facing network at least annually?
 

☐ Yes ☐ No
14. Does the Applicant's management review the following for prospective personnel who will have access to sensitive information?
 

☐ Yes ☐ No  
☐ Yes ☐ No  
☐ Yes ☐ No

  - a. Criminal history records
  - b. Credit history records
  - c. Previous employment records
15. Do individuals other than employees have access to sensitive information?
 

☐ Yes ☐ No
16. Are all rooms that contain main frames, servers, switches or routers locked with access permitted with a key card or some other device that can be logged?
 

☐ Yes ☐ No
17. Does the Applicant investigate patterns of attempted access by persons who should not have access to equipment described above?
 

☐ Yes ☐ No
18. Is the identity of all visitors verified prior to granting them access to the Applicant's premises where sensitive information or the network can be attained?
 

☐ Yes ☐ No
19. Is sensitive customer (or patient) data stored on web servers?
 

☐ Yes ☐ No
20. Does the Applicant employ web application firewalls.
 

☐ Yes ☐ No



21. Does the Applicant utilize a contemporary intrusion detection/prevention system (IDS/IPS) solution as part of the primary firewall or as a separate free-standing solution? ☐Yes ☐No
22. Are web servers housed in a dedicated DMZ? ☐Yes ☐No
23. Is external access to sensitive information encrypted using SSL? ☐Yes ☐No
24. When are the Applicant's applications assessed for vulnerabilities such as SQL injections, cross-site scripting and buffer overflow?
- a. During development ☐Yes ☐No
  - b. Before deployment ☐Yes ☐No
  - c. Regularly after deployment ☐Yes ☐No
25. How quickly does the Applicant remediate vulnerabilities after they are discovered? \_\_\_\_\_
26. Are session lifetimes limited? ☐Yes ☐No
27. Can the Applicant be alerted or otherwise identify when personally identifiable private or health information or confidential information is downloaded to a mobile memory device or sent in an email or added as an attachment to email? ☐Yes ☐No
28. Are company or employee-owned smartphones governed by the Applicant using a contemporary mobile device management (MDM) solution? ☐Yes ☐No
29. Regarding the Payment Card Industry Data Security Standard (PCI DSS):
- a. Has a PCI certified Security Assessor performed an assessment of the Applicant's security within the past year? ☐Yes ☐No
  - b. If "No" to 29.a. above has the Applicant completed a fully compliant Self-Assessment Questionnaire (SAQ)? ☐Yes ☐No
  - c. Have all critical recommendations been corrected or complied with? ☐Yes ☐No
  - d. If "no" when will all critical recommendations be corrected or complied with? \_\_\_\_\_
30. If the Applicant is a healthcare organization:
- a. Is the Applicant a covered entity under the Health Insurance Portability and Accountability Act (HIPAA)? ☐Yes ☐No
  - b. Is the Applicant a Business Associate under the HIPAA? ☐Yes ☐No
  - c. If "Yes" to the questions above, approximately how many individuals' Protected Health Information do you collect, store or process? \_\_\_\_\_
  - d. If "Yes" to the questions above is the applicant in full or partial compliance with the provisions of the HITECH Act? ☐Yes ☐No
  - e. If the Applicant is in partial compliance with the HITECH Act when will the Applicant be in full compliance? \_\_\_\_\_
31. Has the Applicant been audited by The Department of Health and Human Services (HHS) or any other agency under the authority of HHS, for their compliance with HIPAA Privacy Rule or Security Rule?
- a. If "Yes" was the Applicant found to be in compliance? ☐Yes ☐No
  - b. If "No" please indicate which areas the Applicant was found not to be in compliance. \_\_\_\_\_
32. Is sensitive information collected through hand written applications, forms or notes?
- a. If "Yes" are documents shredded after entering the information into a computer system? ☐Yes ☐No
  - If "No" does the Applicant:
  - b. Retain the documents in secured files? ☐Yes ☐No
  - c. Store documents in secure areas that minimize access by persons not authorized to view such documents? ☐Yes ☐No
  - d. Enforce a "clean desk" policy? ☐Yes ☐No

- e. Shred documents when they are ultimately disposed of? ☐Yes ☐No
33. Is sensitive information in any written form stored with a third party? ☐Yes ☐No
- a. If "Yes" does the applicant have a written contract with the respective service providers? ☐Yes ☐No
- b. If "Yes" does the Applicant's contract with the service provider state that the service provider:
- 1) Has Primary responsibility for the security of the Applicant's information? ☐Yes ☐No
- 2) Has a contractual responsibility for any losses or expenses associated with any failure to safeguard the Applicant's information? ☐Yes ☐No
34. Does the Applicant have an Incident Response Plan (IRP)? ☐Yes ☐No
- If "Yes" does the IRP address:
- a. Unauthorized access to the Applicant's computers, system network or any information assets? ☐Yes ☐No
- b. Known or suspected unauthorized access to personally identifiable or other confidential information? ☐Yes ☐No
- c. Denial of service attacks and other forms of network and system outages? ☐Yes ☐No
- d. Extortion demands? ☐Yes ☐No
- e. Corruption of or damage to, electronic data? ☐Yes ☐No
35. Has the IRP been reviewed and approved by the Applicant's board of directors? ☐Yes ☐No
36. Does the plan include a review of the applicable state or federal laws or regulations with which the Applicant may have to comply? ☐Yes ☐No
37. Is the IRP tested annually? ☐Yes ☐No
38. Is there a specific person or group of persons responsible for maintaining the IRP? ☐Yes ☐No
39. Does the IRP identify:
- a. The organizations that will provide mailing or other notification services? ☐Yes ☐No
- b. The organizations that will provide public relations services? ☐Yes ☐No
- c. The organizations that will provide credit or other monitoring services? ☐Yes ☐No
- d. The organizations that will provide forensic services? ☐Yes ☐No
40. Does the Applicant have a Business Continuity Plan? ☐Yes ☐No
- If "Yes":
- a. Is the plan reviewed and updated annually? ☐Yes ☐No
- b. Is the plan tested at least annually? ☐Yes ☐No
- c. Have recovery time/point objectives (RTO/RPO) been established for high-priority and/or mission-critical systems or applications? ☐Yes ☐No

## IX. CRIME COVERAGE

### 1. Requested Coverages

Insuring Agreement	Requested Limit	Requested Retention
Fidelity		
Employee Theft	\$	\$
ERISA Fidelity	\$	\$
Client Property	\$	\$
Forgery Or Alteration	\$	\$
Premises Coverage	\$	\$

Transit Coverage	\$	\$
Computer Crime		
Computer Fraud	\$	\$
Program and Electronic Data Restoration	\$	\$
Funds Transfer Fraud	\$	\$
Credit, Debit or Charge Card Fraud	\$	\$
Money Orders and Counterfeit Money	\$	\$
Personal Accounts Protection		
Forgery or Alteration	\$	\$
Identity Fraud Expense Reimbursement	\$	\$
Investigative Expense	\$	\$

2. Does the Applicant:
- Allow the employees who reconcile the monthly bank statements to also:
    - 1) Sign checks? ☐ Yes ☐ No
    - 2) Handle deposits? ☐ Yes ☐ No
    - 3) Have access to check signing machines or signature plates? ☐ Yes ☐ No
  - Require countersignature of checks? ☐ Yes ☐ No  
 If "Yes", over what amount? \$ \_\_\_\_\_  
 If "No", who can sign checks? \_\_\_\_\_
  - Design internal controls so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher or sign a check)? ☐ Yes ☐ No
  - Store check stocks under dual control with controlled access? ☐ Yes ☐ No
  - Immediately stamp incoming checks "For Deposit Only"? ☐ Yes ☐ No
3. Does an annual external audit include all subsidiaries and joint ventures? ☐ Yes ☐ No
4. Does the Applicant's external audit include all of its locations? ☐ Yes ☐ No  
 If "No," please describe: \_\_\_\_\_
5. Does an independent CPA provide a Management Letter to the Applicant? ☐ Yes ☐ No
6. Is there a documented system of internal control policies/procedures? ☐ Yes ☐ No
7. Is there an internal audit department? ☐ Yes ☐ No
8. Are management policies and computer system controls in place to prevent individual(s) who approve new hires from adding them into the payroll? ☐ Yes ☐ No
9. Do you have a program in place to detect possible "Ghost" employees? ☐ Yes ☐ No
10. How often does the Applicant perform a physical inventory check of stock and equipment? \_\_\_\_\_  
 Who performs these reconciliations? \_\_\_\_\_
11. Does the Applicant maintain a perpetual inventory of stock, including raw materials/manufactured or purchased goods/scrap? ☐ Yes ☐ No
12. Are internal control policies and procedures for foreign locations consistent with those of domestic locations? ☐ Yes ☐ No  
 If "No", please attach an explanation.
13. Does the Applicant perform pre-employment reference checks for all its potential employees? ☐ Yes ☐ No

*If "No", please attach an explanation*

14. Does the Applicant:
- a. Maintain a list of authorized vendors? ☐ Yes ☐ No
  - b. Have a procedure in place to verify the existence and ownership of new vendors? ☐ Yes ☐ No
  - c. Allow the same individual who verifies the existence of vendors to also have the authority to edit the authorized master vendor list? ☐ Yes ☐ No
  - d. Verify invoices against a corresponding purchase order, receiving report and the authorized master vendor list prior to issuing payment? ☐ Yes ☐ No
15. Are the duties of computer programmers and operators separated? ☐ Yes ☐ No
16. Has separation been established between authority to initiate and approve a wire transfer? ☐ Yes ☐ No
17. If a telephone call can activate a transfer of funds, does your financial institution call an employee other than the one who requested the transfer before acting on the transfer request? *If "Yes", what is the callback threshold?* \_\_\_\_\_ ☐ Yes ☐ No
18. Are transfer verifications sent to an employee or a department other than the one who initiated the transfer? ☐ Yes ☐ No
19. Are wire transfers reconciled the same day the transfer verifications are received by an individual who did not approve or transmit such wire transfer? ☐ Yes ☐ No
20. Are the following physical controls in place?
- a. Alarm System ☐ Yes ☐ No
  - b. Video Cameras ☐ Yes ☐ No
  - c. Security Guards ☐ Yes ☐ No
  - d. Controlled Premises Access ☐ Yes ☐ No
21. Maximum exposure inside the premises:
- Location: \_\_\_\_\_ Cash: \$ \_\_\_\_\_ Checks/Securities: \$ \_\_\_\_\_
22. Do you use an Armored Motor Vehicle Company to transport Money or Securities? ☐ Yes ☐ No
- If "No", please complete below:*
- Maximum exposure outside the premises:
- Location: \_\_\_\_\_ Cash/Securities: \$ \_\_\_\_\_
- Checks: \$ \_\_\_\_\_ # of Messengers: \_\_\_\_\_
23. List all employee theft, forgery, computer fraud or other crime losses discovered by the Applicant in the last 5 years, itemizing each loss separately. Include date of loss, description, total amount of loss, and corrective measures. *Attach additional pages if needed.* Check if none ☐
- \_\_\_\_\_
- \_\_\_\_\_

24. Please describe the services the Applicant provides for clients:

\_\_\_\_\_

25. Do any of the Applicant's clients require the Applicant to carry crime insurance or to be bonded? ☐ Yes ☐ No
- If "Yes", please explain and specify amount.*

#### **X. KIDNAP & RANSOM COVERAGE**

1. Complete the following information regarding the foreign travel of the Applicant:
- Please attach additional pages if needed.*

Country Visited	Number of annual trips	Average length of stay	Number of employees traveling	Number of independent contractors traveling

2. Describe the Applicant's security precautions while traveling, both domestic and international, including use of security consultants:

\_\_\_\_\_

3. Please attach a list of all kidnapping, extortion threats, cyber extortion, hijacking, wrongful detention, or political threats discovered by the Applicant in the last five years, itemizing each loss separately:

Check box if None ☐ or describe below and attach additional pages as needed:

\_\_\_\_\_

#### **XI. PRIOR KNOWLEDGE AND APPLICANT REPRESENTATION**

The Applicant must answer the prior knowledge question below:

- For any **Liability Coverage Part** for which coverage is requested and is not currently purchased; or
- If the Applicant is requesting larger limits than are currently purchased.

Is any **Insured** proposed for coverage aware of any fact, circumstance, or situation that might reasonably be expected to result in a **Claim** that would fall within the scope of the proposed **Liability Coverage Parts**?

Yes ☐

No ☐

*If "Yes" please attach a full description of the details.*

This representation applies only to those coverage types for which no coverage is currently maintained and any larger limits of liability requested.

**IMPORTANT:** Without prejudice to any other rights and remedies of the **Insurer**, the Applicant understands and agrees that if any such fact, circumstance or situation exists, whether or not disclosed in response to the question above, any claim or action arising from such fact, circumstance or situation is excluded from coverage under the proposed policy, if issued by the **Insurer**.

#### **XII. 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.

#### **XIII. DECLARATIONS, NOTICE AND SIGNATURES**

The submission of this New Business 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 Applicant hereby authorizes the **Insurer** to make any inquiry in connection with this **Application**.

The undersigned, acting on behalf of all Applicants, declare that to the best of their knowledge and belief, after reasonable inquiry, the statements set forth in this **Application** and in any attachments or other documents submitted with the **Application** are true and complete and were made to obtain requested information from each and every Applicant proposed for this insurance to facilitate the proper and accurate completion of this **Application**.

The undersigned agree that the information provided in this **Application** and any material submitted herewith are the representations of all the Applicants and the basis for issuance of the insurance policy should a policy providing the requested coverage be issued, and that the **Insurer** will have relied on all such materials in issuing any such policy. The undersigned further agree that the **Application** and any material submitted herewith shall be considered attached to and a part of the policy. Any material submitted with the **Application** shall be maintained on file (either electronically or paper) with us.

The information requested in this New Business Application is for underwriting purposes only and does not constitute notice to the **Insurer** under any policy of a **Claim** or potential **Claim**.

**Note:** This **Application** must be signed by the chief executive officer or chief financial officer of the Applicant acting as the authorized representative of the person(s) and entity(ies) proposed 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 SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF A CLAIM FOR EACH SUCH VIOLATION.**

*Date*

*Signature*

*Title*

\_\_\_\_\_

**Supporting Documentation:** please attach a copy of the following for every Applicant seeking coverage:

- ☐ Most recent CPA prepared financial statements
- ☐ Most recent CPA Letter to Management and Management's response. If this Letter is not issued, check here: ☐
- ☐ Employment Practices Liability (for Applicants with 500 or more employees):
  - ☐ Employee handbook
  - ☐ Employment application form
  - ☐ Most recent EEO-1
  - ☐ Third party policies and statements, if requesting such coverage

Produced By: Agent: \_\_\_\_\_ Agency: \_\_\_\_\_

Agency Taxpayer ID or SS No.: \_\_\_\_\_

Agent License No.: \_\_\_\_\_ Agent Signature: \_\_\_\_\_

Address (Street, City, State, Zip): \_\_\_\_\_