



# STARSTONE SPECIALTY INSURANCE COMPANY

## MAIN FORM APPLICATION

### COMMERCIAL CRIME INSURANCE

It is agreed that in granting coverage under this Policy, the Insurer has relied upon the information and materials described below and any other material submitted by the Applicant in connection with the underwriting of this Policy.

Applicant Name \_\_\_\_\_

Street Address \_\_\_\_\_ Suite \_\_\_\_\_

City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

FEIN \_\_\_\_\_ Website Address \_\_\_\_\_

Officer designated to receive correspondence and notices from the Insurer:

Primary Contact Name \_\_\_\_\_ Title \_\_\_\_\_

Email \_\_\_\_\_ Telephone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

### I. GENERAL INFORMATION

1. State of incorporation: \_\_\_\_\_ 2. Date established: \_\_\_\_\_ 3. SIC/NAIC: \_\_\_\_\_
4. Form of business (check one):
 

<input type="checkbox"/> Public Company	<input type="checkbox"/> Non-Profit	<input type="checkbox"/> LLP	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Private For Profit	<input type="checkbox"/> Partnership	<input type="checkbox"/> LLC	<input type="checkbox"/> Joint Venture
5. Nature of operations: \_\_\_\_\_

CURRENT COVERAGE	Carrier	Limit	Deductible	Expiration Date
Commercial Crime Insurance		\$	\$	

REQUESTED COVERAGE	Limit	Deductible
Employee Theft – Insured	\$	\$
Employee Theft – Benefit Plan	\$	\$
Employee Theft – Client (Money, Securities, Other Property)	\$	\$
Inside the Premises (Money, Securities, Other Property)	\$	\$
Outside the Premises (Money, Securities, Other Property)	\$	\$
Forgery or Alteration	\$	\$
Computer and Funds Transfer Fraud	\$	\$
Money Orders and Counterfeit Currency	\$	\$

6. Does the Applicant or any entity proposed for this insurance participate or engage in trading of stocks, bonds, commodities, currency or other investments?  Yes  No  
 If yes, please provide details \_\_\_\_\_

7. Complete the table below with respect to any subsidiaries or affiliates for which coverage is being requested:

Entity Name and Location	Percent Owned by Applicant	Description of Operations	Total Assets	Number of Employees*
	%		\$	
	%		\$	
	%		\$	

\*Employee count should include full time, part time, seasonal and temporary workers.

8. List Employee Benefit Plans for which coverage is being requested:

Subject to ERISA: \_\_\_\_\_

Not Subject to ERISA: \_\_\_\_\_

9. Check the boxes below with respect to any of the following exposures applying to the business operations for which coverage is being requested:

- |  |  |
|--|--|
| <input type="checkbox"/> Art collection or other valuable collectibles               | <input type="checkbox"/> High unit, portable inventory |
| <input type="checkbox"/> Access, care, custody or control of clients' property/funds | <input type="checkbox"/> Narcotics                     |
| <input type="checkbox"/> Computer chips  | <input checked="" type="checkbox"/> Other              |
| <input type="checkbox"/> Precious metals or gemstones                                |  |

Please provide details for any items checked above: \_\_\_\_\_

## II. EMPLOYEES/LOCATIONS (US \$)

1. List the Applicant's Location and Employee Counts (include all entities/locations proposed for this insurance):

Locations	U.S.	Outside U.S.
Number of Locations		
Revenues by Geographic Locations	\$	\$
Employees		
Number of Employees*		
Number of Volunteers/Students/Interns		
Number of Independent Contractors		
<b>Total Employees (inclusive of all of the above)</b>		

\*Employee count should include full time, part time, seasonal and temporary workers.

2. Percentage of employees earning the following annual salary (include all entities/locations proposed for this insurance):

Under \$50,000	\$50,001 - \$100,000	\$100,001 and over
%	%	%

3. Pre-employment Screening (conducted prior to hiring in all business units):

- a. Do you perform background checks for all new hires?  Yes  No
- b. Do you perform reference checks that include prior employers during the past five years?  Yes  No

4. Number of employees who handle, control or have custody of money, securities or other property: \_\_\_\_\_

5. Number of employees who have authority to approve vendors and/or control the vendor lists: \_\_\_\_\_

6. Do you perform credit checks on the employees listed in items 4 and 5 above?  Yes  No

7. Maximum cash exposure for money inside the premises: \$ \_\_\_\_\_

8. Maximum cash exposure for money transported by Messenger or armored motor vehicle company: \$ \_\_\_\_\_

### III. LOSS INFORMATION (US \$)

List any Crime related losses in the past 5 years in the table below (attach separate sheet if necessary):

Date of Loss	Description of Loss	Loss Amount	Date Paid	Corrective Procedures
		\$		
		\$		
		\$		

### IV. FINANCIAL INFORMATION (US \$)

1. Provide the following financial information with respect to the Applicant (include all entities/locations proposed for this insurance):

	(MM/YY) Most recent Year End: _____	(MM/YY) Prior Year End: _____
Current Assets	\$ _____	\$ _____
Total Assets	\$ _____	\$ _____
Current Liabilities	\$ _____	\$ _____
Total Liabilities	\$ _____	\$ _____
Revenues	\$ _____	\$ _____
Operating Income / Loss	\$ _____	\$ _____
Retained Earnings / Deficit	\$ _____	\$ _____
Equity	\$ _____	\$ _____

In the next 12 months is the Applicant contemplating, or in the past 24 months has the Applicant completed, any of the following:

- a. Any actual or proposed merger, acquisition, or divestiture?  Yes  No  
 b. Any creation of a new organization, subsidiary, or division?  Yes  No

If yes, please provide details: \_\_\_\_\_

2. **AUDIT INFORMATION AND ANTI-FRAUD TRAINING**

- a. Does the Applicant maintain an internal audit department?  Yes  No  
 1. If yes, are internal audits conducted on a regular basis and do they cover all locations?  Yes  No  
 2. If no, does the Applicant have someone with internal audit responsibilities?  Yes  No
- b. Are surprise audits conducted for all entities/locations proposed for this insurance?  Yes  No  
 If no, please provide details \_\_\_\_\_
- c. Is an independent CPA firm involved in the Applicant's financial reporting?  Yes  No  
 1. If yes, how often?  Quarterly  Semi-Annually  Annually  Other \_\_\_\_\_  
 2. If yes, what is the level of accounting?  Audit  Review  Compilation  Other \_\_\_\_\_
- d. Are all entities/locations proposed for this insurance included in the audit?  Yes  No  N/A  
 If no, please provide details \_\_\_\_\_
- e. Is the audit report rendered directly to the Owners or Board of Directors?  Yes  No  N/A
- f. Does the CPA firm prepare a Management Letter commenting on internal control weaknesses with recommendations for improvement?  Yes  No  N/A  
 If yes, please attach the letter and management's response.
- g. Has the CPA firm made any recommendations that have not been adopted?  Yes  No  N/A  
 If yes, please provide details \_\_\_\_\_

- h. Has any auditor issued a "going concern" opinion for the Applicant's financial statements during the past 3 years?  Yes  No  N/A  
 If yes, please provide details \_\_\_\_\_
- i. Is fraud awareness training provided to:  executives  managers  employees?
- j. Does Applicant maintain a fraud hotline that is publicized to:  employees  vendors  customers?

## V. INTERNAL CONTROLS

### 1. RECONCILIATION AND DISBURSEMENT CONTROLS

- a. Does the Applicant maintain a documented system of internal control policies and procedures?  Yes  No
- b. Are bank account statements reconciled at least monthly?  Yes  No
- c. Does someone other than the person responsible for reconciling bank accounts:  
 Make deposits?  Yes  No    Make withdrawals?  Yes  No    Sign checks?  Yes  No
- d. Is countersignature of checks required?  Yes  No  
 1. If yes, over what amount? \$ \_\_\_\_\_  
 2. If no, who can sign checks? \_\_\_\_\_
- e. Are all incoming checks stamped "for deposit only" immediately upon receipt?  Yes  No
- f. Are deposits of cash and checks made at least daily?  Yes  No
- g. If "no" to question a., b., e., or f. above, please provide details \_\_\_\_\_

### 2. PAYROLL CONTROLS

- a. Does Applicant outsource its payroll function?  Yes  No
- b. Are controls in place to prevent persons who approve new hires from adding them into payroll?  Yes  No  
 If no, please provide details \_\_\_\_\_
- c. Are controls in place to verify additions or changes to payroll?  Yes  No  
 If no, please provide details \_\_\_\_\_

### 3. PURCHASING CONTROLS AND INVENTORY CONTROLS

- a. Is there a segregation of duties for authorizing vendors, making a requisition, approving invoices, and processing payments?  Yes  No
- b. Are procedures in place to verify ownership and financial capability of all new vendors?  Yes  No
- c. Are exception reports produced to notify management and auditing departments of potential fraudulent transactions?  Yes  No
- d. Is there a segregation of duties for purchasing, receiving, storekeeping and shipping?  Yes  No
- e. Is a perpetual inventory maintained for scrap, stock (including raw materials and manufacturing components), and manufactured or finished goods?  Yes  No
- f. Does Applicant conduct periodic reviews of all unused or obsolete inventory (including raw materials and scrap metals)?  Yes  No
- g. Are inventory records computerized?  Yes  No
- h. If "no" to any question in a. through g. above, please provide details \_\_\_\_\_
- i. How often is a complete inventory made with a physical check of stock and equipment? \_\_\_\_\_
- j. Is physical inventory protected by:  
 security guards     alarm system     video camera     security fencing     other \_\_\_\_\_?

**4. COMPUTER CONTROLS**

- a. Are the duties of computer programmers and computer operators separated?  Yes  No
- b. Is there a software security system in place to detect fraudulent computer usage by employees and outsiders?  Yes  No
- c. Are access controls designed so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure?  Yes  No
- d. Are employees educated about phishing scams and blocked from harmful websites?  Yes  No
- e. Are passwords and access codes changed at regular intervals and when users are terminated?  Yes  No
- f. Are EDP systems, programs and procedures authorized, documented and tested?  Yes  No
- g. Are daily backups made and stored off premises?  Yes  No
- h. If "no" to any question in a. through g. above, please provide details \_\_\_\_\_
- i. Do any non-employees have access to the Applicant's computer systems?  Yes  No  
If yes, please provide details \_\_\_\_\_
- j. Are business-to-business or business-to-consumer transactions performed over the internet?  Yes  No  
If yes:
  - 1. Are firewalls configured to restrict all IP communications except those necessary to conduct business?  Yes  No
  - 2. Are firewall security patches current?  Yes  No
  - 3. Is firewall port scanning and penetration testing conducted regularly?  Yes  No
  - 4. Are web based applications tested for security vulnerabilities regularly and whenever the applications have been modified?  Yes  No
- k. Are IT/computer system audits performed:  Monthly  Quarterly  Annually  Other \_\_\_\_\_?

**5. FUNDS TRANSFER CONTROLS:**

- a. Is dual authorization required for all funds transfers?  Yes  No
- b. What is the average daily volume of funds transfers? \$ \_\_\_\_\_
- c. Are transfer verifications sent to an employee or department other than the employee or department that initiated the transfer?  Yes  No
- d. Does the Applicant have specific arrangements with its financial institution with respect to the individuals authorized to transfer funds, request changes in procedures and obtain records?  Yes  No
- e. Are Funds Transfer audits performed:  Monthly  Quarterly  Annually  Other \_\_\_\_\_?

Are all controls referenced in **Section V. Internal Controls** of this application imposed upon all locations/entities proposed for this insurance?  Yes  No

If no, please provide details: \_\_\_\_\_

**READ CAREFULLY**

The undersigned, acting on behalf of the Applicant and all proposed insureds, declare that the statements set forth herein are true and accurate and that thorough efforts have been made to obtain sufficient information from each proposed insured in order to facilitate proper and accurate completion of this Application.

The undersigned agree that the Application and all other materials submitted to the insurer are their statements, are incorporated in and constitute a part of the Policy, and shall be deemed attached to the Policy as if physically attached. The undersigned represent that the statements and representations in the Application and all other materials submitted to the insurer shall be deemed material to the acceptance of the risk and that the Policy is issued in reliance upon the truth and



accuracy of such statements and representations. It is agreed by the undersigned, this Application, together with any other materials submitted to the insurer, have been completed as respects to the entire Applicant and all proposed insureds.

The undersigned further declare that if any significant change in the condition of the Applicant or proposed insureds is discovered, between the date this Application was signed and the effective date of the policy, which would render the information in this Application inaccurate or incomplete, any such information will immediately be reported in writing to the insurer and the insurer may withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance. The undersigned and insurer agree that the signing of this application does not bind the undersigned to purchase the insurance.

Signature of Applicant's Authorized Representative (Partner, Principal or Officer) \_\_\_\_\_ Date \_\_\_\_\_

Print or Type Name \_\_\_\_\_ Title \_\_\_\_\_

**ALL STATES (UNLESS A STATE-SPECIFIC FRAUD WARNING APPLIES)**

**NOTICE TO 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 ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**STATE-SPECIFIC**

**NOTICE TO ARKANSAS, NEW MEXICO 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 INSURANCE 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 AUTHORITIES.

**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 KENTUCKY APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER 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 INSURANCE ACT, WHICH IS A CRIME.

**NOTICE TO LOUISIANA 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 MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A 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 WHO 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 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 OKLAHOMA APPLICANTS: WARNING:** 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 (365:15-1-10, 36 §3613.1).

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS MATERIALLY FALSE INFORMATION IN AN APPLICATION FORINSURANCE MAY BE GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**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 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 INSURANCE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT 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 ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**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 THE CLAIM FOR EACH SUCH VIOLATION.