

_____,
a stock insurance company, herein
called the Insurer



DECEPTION FRAUD (SOCIAL ENGINEERING) SUPPLEMENTAL APPLICATION FOR FINANCIAL INSTITUTIONS BONDS

Name of Applicant: _____

I. FUNDS TRANSFER CONTROLS

1. Does the Applicant maintain a current list of employees authorized to transfer funds?
☐ yes ☐ no
2. Does the Applicant authenticate all internal transfer requests coming from an officer or employee with a call back to the officer or employee?
☐ yes ☐ no
3. Does the Applicant reconcile transferred funds on a daily basis?
☐ yes ☐ no
If "no", please describe the frequency: _____
4. Does the Applicant require dual approvals for any funds transfer request involving:
 - a. A dollar amount over a specific threshold? ☐ yes ☐ no
If "yes" at what threshold? _____
 - b. A new bank and/or account number? ☐ yes ☐ no
 - c. Funds transfers to countries outside of the United States of America? ☐ yes ☐ no
5. Are the Applicant's employees who are responsible for wire transfers provided with anti-fraud training including the detection of social engineering, phishing, and other email scams?
☐ yes ☐ no
6. Does the Applicant require a Virtual Private Network platform to access its computer network remotely?
☐ yes ☐ no
7. Are security patches regularly applied to the Applicant's anti-virus software and firewalls?
☐ yes ☐ no
8. Does the Applicant track and flag unusual activity on its computer network?
☐ yes ☐ no

II. FUNDS TRANSFER CONTROLS – CUSTOMER AND VENDOR (3RD Party Service Provider)

9. When the Applicant accepts written or voice initiated funds transfer instructions from customers, check the means by which the Applicant authenticates the transfer:

- ☐ Call the customers at a pre-determined number to **verbally** confirm
☐ If an other method is used, please describe: _____

10. Does the Applicant have procedures in place to verify the authenticity of invoices and other payment requests from a vendor?

☐ yes ☐ no

If "yes", please check the means by which the Applicant authenticates an electronic initiated transfer instruction?

- ☐ Call the vendor at a pre-determined number to **verbally** confirm
☐ If an other method is used, please describe: _____

11. Does the Applicant authenticate all customer or vendor requested changes to bank account information and/or other account information (i.e. email address, phone number, contact information)?

☐ yes ☐ no

If "yes", please check the means by which the Applicant authenticates an electronic initiated transfer instruction?

- ☐ Call the vendor at a pre-determined number to **verbally** confirm
☐ If an other method is used, please describe: _____

III. LOSS EXPERIENCE

12. Please provide details of all potential or actual funds transfer and computer related losses discovered or sustained in the last three years by the Applicant, or involving any of the Applicant's assets or the Applicant's customer assets, as an attachment to this application.

Include description of loss, amount of loss, and corrective internal controls implemented.

Check here if none: ☐

Maryland Applicants Only - A binder or policy is subject to a 45-day underwriting period beginning on the effective date of coverage. An Insurer may cancel a binder or policy during the underwriting period if the risk does not meet our underwriting standards of the Insurer. If the Insurer discovers a material risk factor during the underwriting period, the Insurer shall recalculate the premium for the policy or binder based on the material risk factor as long as the risk continues to meet the underwriting standards of the Insurer.

FRAUD WARNING STATEMENTS

ATTENTION ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, MARYLAND, RHODE ISLAND AND WEST VIRGINIA APPLICANTS: ANY PERSON WHO KNOWINGLY (OR WILLFULLY IN MARYLAND) PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY (OR WILLFULLY IN MARYLAND) PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

ATTENTION 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 POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER 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.

ATTENTION 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.

ATTENTION KANSAS APPLICANTS: INSURANCE FRAUD IS A CRIMINAL OFFENSE IN KANSAS. 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. IN THE STATE OF KANSAS, COVERAGE FOR LOSS RESULTING FROM ILLEGAL ACTIVITY IS SUBJECT TO KANSAS LAW (AND SUBJECT TO FEDERAL LAW, WHERE APPLICABLE). COVERAGE MAY THEREFORE BE LIMITED TO DEFENSE COSTS RELATED THERETO.

ATTENTION KENTUCKY 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.

ATTENTION LOUISIANA, 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 MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

ATTENTION NEW HAMPSHIRE AND NEW JERSEY APPLICANTS: 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.

ATTENTION NEW MEXICO 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.

ATTENTION 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.

ATTENTION 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.

ATTENTION OREGON APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD OR SOLICIT ANOTHER TO DEFRAUD AN INSURER: (1) BY SUBMITTING AN APPLICATION OR; (2) FILING A CLAIM CONTAINING A FALSE STATEMENT AS TO ANY MATERIAL FACT MAY BE VIOLATING STATE LAW.

ATTENTION TEXAS 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 THE PERSON TO CRIMINAL AND CIVIL PENALTIES.

ATTENTION 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.

THE UNDERSIGNED AUTHORIZED OFFICER OF THE APPLICANT DECLARES AND ACKNOWLEDGES THAT:

- THE STATEMENTS SET FORTH HEREIN ARE TRUE AND COMPLETE¹. THE UNDERSIGNED AUTHORIZED OFFICER AGREES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE EFFECTIVE DATE OF THE INSURANCE, THE UNDERSIGNED WILL, IN ORDER FOR THE INFORMATION TO BE TRUE AND COMPLETE ON THE EFFECTIVE DATE OF THE INSURANCE, IMMEDIATELY NOTIFY THE INSURER OF SUCH CHANGES AND THE INSURER MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS, AUTHORIZATIONS OR AGREEMENTS TO BIND THE INSURANCE². THE "EFFECTIVE DATE" IS THE DATE THE COVERAGE IS BOUND OR THE FIRST DAY OF THE POLICY PERIOD, WHICHEVER IS LATER. SIGNING OF THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE INSURER TO COMPLETE THE INSURANCE. ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE INSURER IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS APPLICATION AND MADE A PART HEREOF.

1- In New Hampshire the truth and completeness shall be to the best of her/his knowledge.

2- In Maine this sentence ends at the word "quotations."

ATTENTION 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.

THIS APPLICATION MUST BE SIGNED BY THE APPLICANT'S CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, PRESIDENT OR BOARD CHAIRMAN.

Application completed by: _____
(Printed Name and Title)

Signature: _____

Date: _____

Name of Agent: _____
(Required: Florida, Iowa & New Hampshire only)

Agent License #: _____
(Required: Florida only)

Print Name: _____

Name of Agency: _____

Address: _____

Date: _____

Agent Signature: _____
(Required: Florida & New Hampshire only)

PLEASE SUBMIT THIS PROPOSAL AND APPROPRIATE MATERIALS TO:

GlobalSpecialtyFLsubs@thehartford.com