



FREEDOM SPECIALTY
INSURANCE COMPANY®
a Nationwide Insurance® company

Freedom Specialty Insurance Company
7 World Trade Center, 37th Floor
250 Greenwich Street
New York, NY 10007-0033

**FREEDOM 360°
PRIVATE COMPANY PACKAGE POLICY APPLICATION**

Please answer all questions and submit all requested information. Terms appearing in bold in this **Application** are defined in the Policy and have the same meaning in this **Application** as in the Policy. The **Insurer** will hold this **Application**, including all materials submitted herewith, in confidence. Whenever used in the **Application**, the term “**Applicant**” shall mean the **Parent Organization** and any of its **Subsidiaries**. Please complete the “General Information” section of the **Application** and any other section of this **Application** for which coverage is sought.

In addition to answering the following questions, the **Applicant** must provide a copy of all requested items specified in any of the questions, below, plus three years prior loss history.

CRIME APPLICATION

Please answer the questions, below, if the **Applicant** seeks coverage for Crime insurance.

1. Applicant’s Information

Company Name (**Applicant**): _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Website Address: _____

2. Applicant’s Contact Information

Name: _____ Title: _____

Phone: _____ E-mail: _____

3. Applicant’s Organizational Information

a. Provide a brief description of the **Applicant’s** business: _____

b. Date **Applicant** Established/Incorporated: _____

c. **Applicant’s** Organizational Structure (Corporation, Partnership, etc.): _____

d. NAIC Code: _____

e. SIC Code: _____

f. **Applicant’s** Ticker Symbol (if applicable): _____

g. Does the **Applicant** desire coverage for entities that are more than fifty percent (50%) owned, or joint ventures that are at least fifty percent (50%) owned?..... Yes No

If “Yes,” please attach a list of all such entities, including the percentage of ownership, nature of business and date acquired or created.

h. Does the **Applicant** desire coverage for entities outside the United States? Yes No

If “Yes,” please complete and attach the International Entity Supplement.

4. Requested Coverage

Coverage	Yes	No	Requested Limit	Requested Deductible
Employee Theft			\$	\$
Client Property			\$	\$
Computer Fraud and Funds Transfer			\$	\$
Inside the Premises			\$	\$
Outside the Premises—In Transit			\$	\$
Forgery or Alteration			\$	\$
Money Order & Currency Fraud			\$	\$

5. Applicant's Operations

Pursuant to the chart, below, please complete the requested information concerning the **Applicant's** current operations. If additional space is needed, please attach a separate sheet of paper providing the requested information.

Country of Operation	No. of Locations	No. of Employees	Gross Revenue	Type of Operation
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
Totals:			\$	

6. Applicant's Audit Procedures

- a. Is the **Applicant's** financial information audited at least annually by an independent CPA? Yes No N/A
- b. Do such audits include all of the **Applicant's** locations, including foreign locations?..... Yes No N/A
- c. Within the past three years, has a CPA Management Letter been issued commenting on any internal control issues or providing recommendations for improvement of such controls?..... Yes No N/A
If "Yes," please attach such reports along with the **Applicant's** response to such letter.
- d. Does the **Applicant** have an internal audit department or is someone responsible for internal audit responsibilities? Yes No N/A
If "Yes":
 - (1) Please provide the number of employees within the department: _____
 - (2) Does the department also audit foreign locations of the **Applicant**?..... Yes No N/A
 - (3) Within the last year, has the department provided any reports to management commenting on any internal control issues or providing recommendations for improvement of such controls? Yes No N/A
- e. Has there been any audit recommendations that have not been adopted by the **Applicant**? Yes No N/A
If "Yes," please attach details of the **Applicant's** decision not to incorporate such recommendations.

7. Applicant's Internal Controls

Please check "Yes," "No" or "N/A" for the following questions. If the response to any of the following questions is "No," please provide details explaining the **Applicant's** response on a separate attachment.

- a. Does the **Applicant** fully and completely reconcile its bank statements on at least a monthly basis? Yes No N/A
- b. Are the employees who reconcile the bank statements (other than an owner or partner) prohibited from performing the following:
- (1) Signing checks or approving disbursements? Yes No N/A
- (2) Receiving checks or handling bank deposits? Yes No N/A
- (3) Making withdrawals? Yes No N/A
- (4) Obtaining access to electronic or mechanical check signing devices? Yes No N/A
- c. Does the **Applicant** require two signatures on all checks? Yes No N/A
- If "No," does the **Applicant** require two signatures on checks that exceed a certain sum? Yes No N/A
- If "Yes," please provide the amount for which two signatures are required: \$ _____
- d. Are the following processes separated amongst different employees:
- (1) Requesting checks, approving vouchers and signing checks? Yes No N/A
- (2) Initiating and approving wire transfers? Yes No N/A
- e. Are invoices stamped "PAID" at the time checks are issued? Yes No N/A
- f. Are paid invoices reconciled with issued checks on at least a monthly basis? Yes No N/A
- g. Are payroll preparation, disbursement and distribution functions segregated amongst different employees? Yes No N/A
- h. Does someone outside of the **Applicant's** payroll department reconcile, on at least a monthly basis, its payroll ledger and its employee list? Yes No N/A
- i. Are the **Applicant's** supervisors and managers required to verify payroll for their employees? Yes No N/A
- j. Does the **Applicant's** accounting system generate an automatic report of payroll additions and deletions to relevant supervisors? Yes No N/A
- k. Are the **Applicant's** payroll systems automated, including time clock entries, if any? Yes No N/A
- If "Yes":
- (1) Does the **Applicant's** IT control employee access to systems and log employee access to payroll functions? Yes No N/A
- (2) Are manual payroll entries given to supervisors for approval? Yes No N/A
- l. Does the **Applicant** separate the functions of authorizing vendors, approving invoices and processing payments amongst different individuals? Yes No N/A
- m. Does the **Applicant** require preauthorization of all requisitions and purchase orders by a manager of the requesting employee and/or by a separate department? Yes No N/A
- n. Does the **Applicant** reconcile invoices with its vendor list and contract terms prior to payment? Yes No N/A
- o. Do salespersons, truck drivers, delivery personnel or any other employees collect money while outside of the **Premises**? Yes No N/A
- If "Yes," within the past year what was the maximum dollar amount collected in one day by all employees while outside the **Premises**? \$ _____
- p. Do any employees or authorized custodians of the **Applicant** keep money or other valuables with them while travelling for the **Applicant** or at their home? Yes No N/A
- If "Yes," within the past year what was the maximum value kept by such employee or custodian? \$ _____
- q. Does the **Applicant** have its own employees perform the function of delivering goods to its customers? Yes No N/A
- If "Yes," does the **Applicant** always assign more than one employee to its delivery vehicles? Yes No N/A
- r. Does the **Applicant** promote and provide its employees, vendors and customers with a tip or hot line to assist in reporting fraud detection or theft? Yes No N/A
- s. Does the **Applicant** provide monetary incentives to report incidents or suspected theft that results in a savings to the **Applicant**? Yes No N/A

8. **Applicant's Pre-employment Screening and Employee Protocols**

If additional explanation is needed to answer any of the following, please provide such detail on separate attachment.

- a. Does the **Applicant** perform the following background checks or pre-employment tests on all new hires? Yes No N/A
 - (1) Previous employment? Yes No N/A
 - (2) Credit checks? Yes No N/A
 - (3) Arrests and convictions for felonies or misdemeanors? Yes No N/A
 - (4) Drug testing? Yes No N/A
- b. Does the **Applicant** have an anti-fraud policy that is distributed to all employees? Yes No N/A
- c. Does the **Applicant** provide fraud awareness training for its supervisors and employees? Yes No N/A
- d. Are terminated employees denied access to the **Applicant's** facilities immediately upon termination? Yes No N/A
- e. Upon an employee's termination, does the **Applicant** cancel the employee's credit cards, purchasing and other authority that such employee may have to act on behalf of the **Applicant**? Yes No N/A

9. **Applicant's Inventory Management**

- a. Does the **Applicant** have its inventory physically counted, at least annually, by an independent CPA? Yes No N/A
- b. Does the **Applicant** perform its own physical count of inventory on a regular basis? Yes No N/A
If "Yes," how often are physical inventory counts done? Quarterly Semi-Annually Annually
- c. Does the **Applicant** separate the functions of ordering inventory, receiving shipments and making payments for such inventory amongst different **Employees**? Yes No N/A
- d. Does the **Applicant** have an automated inventory system? Yes No N/A
- e. If the **Applicant** maintains an automated inventory system, are such systems reconciled with physical inventory counts? Yes No N/A
- f. Please check any of the following that applies concerning locations containing the **Applicant's** inventory:
 - (1) The location(s) is protected by security guard(s)? Yes No N/A
 - (2) The location(s) has an alarm system? Yes No N/A
 - (3) The location(s) has video camera surveillance? Yes No N/A

10. **Applicant's Vendor Management**

Please check "Yes," "No" or "N/A" for the following questions. If the response to any of the following questions is "No," please provide details explaining the **Applicant's** response on a separate attachment.

- a. Does the **Applicant** restrict doing business with vendors listed on an authorized vendor list? Yes No N/A
- b. Does the **Applicant** perform a vendor validation process that reviews and verifies the following:
 - (1) The vendor name and ownership? Yes No N/A
 - (2) The vendor's W-9? Yes No N/A
 - (3) The vendor's tax identification number? Yes No N/A
 - (4) The vendor's phone number and address? Yes No N/A
 - (5) The vendor's bank account? Yes No N/A
- c. Does the **Applicant** cross-check vendor and employee addresses and Tax ID numbers? Yes No N/A
- d. Does the **Applicant** have written guidelines and procedures for vendor bidding processes? Yes No N/A
- e. Does the **Applicant** perform regular vendor file maintenance by removing duplicate files and vendors that have gone out of business? Yes No N/A
- f. Does the **Applicant** provide its employees and its authorized vendors a copy of its conflict of interest and gift policies? Yes No N/A

11. Supplemental Information

- a. Is the **Applicant's** business associated with the use, storing, replenishing or renting of Automated Teller Machines? Yes No
If "Yes," please complete the Automated Teller Machines Supplemental Crime Application.
- b. Does the **Applicant** maintain any type of escrow or trust accounts for its clients or customers? Yes No
If "Yes," please complete the Client Trust/Escrow Account Supplemental Crime Application.
- c. Does the **Applicant** use cash registers during the course of business? Yes No
If "Yes," please complete the Cash Register Supplemental Crime Application.
- d. Does the **Applicant** maintain, hold, control, transfer or sell any precious metals or stones, such as gold, silver, copper, platinum, diamonds or other high value material? Yes No
If "Yes," please complete the Precious Metals Supplemental Crime Application.
- e. Does the **Applicant** operate its own warehouse or a warehouse for others? Yes No
If "Yes," please complete the Warehouse Supplemental Crime Application.
- f. Does the **Applicant** allow employees access to the personal banking accounts of any of its owners, directors or officers? Yes No
If "Yes," please complete the Personal Account Supplemental Crime Application.

12. Foreign Operations Information

- a. For those **Applicant's** with foreign operations, does the **Applicant** utilize the same loss control policies and procedures as indicated in the **Applicant's** responses in Sections E.3. through E.7. of this **Application**? Yes No N/A
If "No" for any of the responses, please describe: _____

13. Crime Prior Claim History

Please list all employee related theft, burglaries, robberies or other crimes that would be potentially covered under the requested insurance coverage that was discovered by the **Applicant** in the last three years. If "None," please state as such.

Date of Discovery	Description of Loss	Loss Amount	Insurance Payment Amount

The persons signing this **Application** declare that to the best of their knowledge the statements set forth herein and the information in the materials submitted herewith are true and correct and that reasonable efforts have been made to obtain sufficient information from all proposed **Insureds** to facilitate the proper and accurate completion of this **Application** for the proposed policy. Signing this **Application** does not bind the undersigned to purchase the insurance, but this **Application** shall be the basis of the contract should a policy be issued.

It is agreed by all concerned that the particulars and statements contained in this **Application** are true and shall be deemed material to the decision of the **Insurer** to issue the insurance. The undersigned agree that if after the date of this **Application** and prior to the effective date of any policy based on this **Application**, any occurrence, event or other

circumstance should render any of the information contained in this **Application** inaccurate or incomplete, then the undersigned shall notify the **Insurer** of such occurrence, event or circumstance and shall provide the **Insurer** with information that would compete, update or correct such information. In such event, the **Insurer** in its sole discretion may modify or withdraw any outstanding quotation. The **Insurer** shall maintain on file this **Application**, including material submitted therewith, which shall be considered to be physically attached to and part of the Policy, if issued. The information requested in this **Application** is for underwriting purposes only and does not constitute notice to the **Insurer** under any policy of a **Claim** or potential claim. All such notices must be submitted to the **Insurer** pursuant to the terms of the Policy, if and when issued.

FRAUD WARNING: 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 applicable in AL, CO, DC, FL, KS, LA, ME, MD, MN, NE, NY, OH, OK, OR, RI, TN, VA, VT or WA)

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 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.

WARNING TO DISTRICT OF COLUMBIA APPLICANTS: 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 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, which is a crime and subjects such person to criminal and civil penalties.

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 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 MINNESOTA APPLICANTS: A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

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: 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 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 fines and confinement in prison.

FRAUD WARNING (APPLICABLE IN VERMONT, NEBRASKA AND OREGON): Any person who intentionally presents a materially false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

FRAUD WARNING (APPLICABLE IN TENNESSEE, VIRGINIA AND WASHINGTON): It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

NEW YORK FRAUD WARNING: 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.

APPLICANT NAME AND TITLE: _____

APPLICANT'S SIGNATURE: _____ **DATE:** _____

PRODUCER'S SIGNATURE: _____ **DATE:** _____

AGENT NAME: _____ **AGENT LICENSE NUMBER:** _____
(Applicable to Florida Agents Only)

IOWA LICENSED AGENT: _____
(Applicable in Iowa Only)

A POLICY CANNOT BE ISSUED UNLESS THIS APPLICATION IS PROPERLY SIGNED AND DATED.

For purposes of creating a binding contract of insurance by this application or in determining the rights and obligations under such contract in any court of law, the parties acknowledge that a signature reproduced by either digital signature, electronic signature, facsimile or photocopy shall be the same force and effect as an original signature and that the original and any such copies shall be deemed one and the same document.