



# APPLICATION FOR FINANCIAL INSTITUTION BOND

Form No. 24

FOR USE BY MOST BANKS AND TRUST COMPANIES

**ATTACH TO THIS APPLICATION:**

- i) Most recent Annual Report including Financial Statements
- ii) Latest external Auditor's memorandum to Management on internal controls along with Management's response or a letter from your Auditor stating one was not issued

Complete Addendum Page(s) as Required

**ALL QUESTIONS MUST BE ANSWERED. Do not leave any blank or answer any as N/A.**

Application is hereby made by: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(List **ALL INSUREDS** to be covered, including Employee Benefit Plans)  
 (Do Not use general phrases such as all subsidiary, or owned,  
 or managed, or controlled, or affiliated or associated, and so on)

Principal Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(herein called Insured) for a  **Primary**;  **Excess**;  **Financial Institution Bond, Form No. 24**, to  
 become effective as of 12:01a.m. on: \_\_\_\_\_ to 12:01 a.m. on \_\_\_\_\_

Date Insured was established:

Insured is licensed: Federally ; Provincially ; Other: \_\_\_\_\_

Name of prior carrier: \_\_\_\_\_

1. For all Insureds, show the total number of: No. of
- |  |   |       |
|--|---|-------|
| (a) Officers and employees, retained attorneys and persons provided by employment contractors:   | within Canada                               | _____ |
|  | U.S., Puerto Rico and Virgin Islands        | _____ |
|  | Other                                       | _____ |
| (b) Banking locations (other than the Home Office of the Insured first named):   | in Canada                                   | _____ |
|  | in the U.S., Puerto Rico and Virgin Islands | _____ |
| (c) Limited banking facilities:  | in Canada                                   | _____ |
|  | in the U.S., Puerto Rico and Virgin Islands | _____ |
| (d) Non-banking locations:   | in Canada                                   | _____ |
|  | in the U.S., Puerto Rico and Virgin Islands | _____ |
| (e) Banking locations, limited banking facilities and non-banking locations outside of Canada, the U.S., Puerto Rico and Virgin Islands, list below: |   |       |
|  |   | _____ |
|  |   | _____ |
|  |   | _____ |

2. Complete the following:

	<u>Total Deposits</u>	<u>Total Assets</u>	<u>Total Loans &amp; Discounts</u>
(a) As of latest Dec. 31	\$ _____	\$ _____	\$ _____
(b) As of latest June 30	\$ _____	\$ _____	\$ _____

3. Complete the following for Forms and Amounts of coverage desired:

**ACTUAL AMOUNT TO BE PROVIDED MAY BE DIFFERENT THAN REQUESTED AND WILL  
BE INDICATED IN THE DECLARATIONS OF THE BOND**

**BASIC FORM OF COVERAGE**

**AMOUNT**

- (a) (i) Basic Bond Coverage \$ \_\_\_\_\_
- (ii) Deductible Options: (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_
- (iii) Deductible required by the Bank of Canada for losses arising from the Insured's acceptance of Government of Canada Bonds for transfer: \$ \_\_\_\_\_

**OPTIONAL FORMS OF COVERAGE**

- (b) Is Insuring Agreement D – Forgery or Alteration Coverage desired?  Yes  No \$ \_\_\_\_\_
- (c) Is Insuring Agreement E – Securities Coverage desired?  Yes  No \$ \_\_\_\_\_
- If Yes, is Loan Participation Coverage desired?  Yes  No \$ \_\_\_\_\_
- (d) Is Trading Loss Coverage desired?  Yes  No \$ \_\_\_\_\_
- (e) Is Extortion – Threats to Persons Coverage desired?  Yes  No \$ \_\_\_\_\_
- (f) Is Extortion – Threats to Property Coverage desired?  Yes  No \$ \_\_\_\_\_
- (g) Is Fraudulent Real Property Mortgages Coverage desired?  Yes  No \$ \_\_\_\_\_
- (h) Is Computer Systems Fraud Coverage desired?  Yes  No \$ \_\_\_\_\_

If Yes, complete the following:

1. Insured's Computer System(s)

For the Computer System(s) you operate, whether owned or leased, complete the following:

- (a) Number of independent software contractors authorized to design, implement or service programs for your Systems(s): \_\_\_\_\_
- (b) Is access to your System(s) by customers, or other outside parties, other than by Automated Teller Machines, permitted (e.g. by computer, terminal or touchtone telephone key pad, etc.)?  Yes  No
- (c) Number of Automated Teller Machines? \_\_\_\_\_

2. Other Computer Systems

(a) Check if coverage is desired for:

An Automated Clearing House Association that is a member of:

- N.A.C.H.A.  Fed Wire  C.H.I.P.S.  S.W.I.F.T.  Bank Wire

(b) List below other Computer System(s) for which coverage is desired:  
(For Automated Teller Machine Systems, complete Item (c) below.)

**Computer System(s)**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) List below shared or other participatory Automated Teller Machine Systems for which coverage is desired:

**ATM System(s)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Is coverage desired for Tested telex or other similar means of T ested communication?  Yes  No

**AMOUNT**

(i) Is Voice Initiated Transfer Fraud Coverage desired?  
(NOTE: Computer Systems Fraud Coverage must be purchased in conjunction with this Coverage)  Yes  No \$ \_\_\_\_\_

If Yes, what is the dollar amount of the call-back threshold to the originator of an instruction? \$ \_\_\_\_\_

(j) Is Telefacsimile Transfer Fraud Coverage desired?  
(NOTE: Computer Systems Fraud Coverage must be purchased in conjunction with this Coverage)  Yes  No \$ \_\_\_\_\_

If Yes, what is the dollar amount of the call-back threshold to the originator of an instruction? \$ \_\_\_\_\_

(k) Is coverage desired on businesses engaged in the data processing of your cheques or other accounting records?  Yes  No

If Yes, list below the name and location of each data processor: \_\_\_\_\_

**Name & Location**

\_\_\_\_\_  
\_\_\_\_\_

(l) Is Serving Contractors coverage desired?  Yes  No

If Yes, complete the following: (NOTE: Servicing Contractors service your real estate mortgages or home modernization loans or manage your real property.)

List the name and location of each Servicing Contractor **to be covered**, and amount of coverage on each Servicing Contractor:

**Name & Location**

**AMOUNT**

\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

(m) Is coverage desired on your appointed or elected agents, whether they be persons, partnerships or corporations (other than servicing contractors or data processors) performing any act or service in connection with the ordinary conduct of your business?  Yes  No

If Yes, list below the name, location and amount of coverage on each agent:

**Name & Location**

**AMOUNT**

\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

4. Are you a direct participant in a depository for the central handling of securities?  
If Yes, list below the name, location of each such depository:  Yes  No

**Name & Location**

\_\_\_\_\_

\_\_\_\_\_

5. If coverage is being written on an excess basis, show names of other Insurers, bond amounts, premium and deductible:

\_\_\_\_\_

\_\_\_\_\_

6. Are deposits insured by the Canadian Deposit Insurance Corporation?  Yes  No

**AUDIT PROCEDURES**

7. **External Audit**

- (a) (i) Is there an annual audit by a n independent firm of Chartered Accountants (C.A.)?  Yes  No
- (ii) If Yes, is it a complete audit made in accordance with generally accepted auditing standards and so certified?  Yes  No
- (iii) If the answer to (a)(ii) is No, explain the scope of the C.A.'s examination.

\_\_\_\_\_

\_\_\_\_\_

- (b) Is the audit report rendered directly to the Board of Directors?  Yes  No
- (c) Name and location of C.A. \_\_\_\_\_
- (d) Date of completion of the last audit by C.A. \_\_\_\_\_
- (e) Has there been any change in outside auditing firm in the last 3 years?  Yes  No
- If Yes, please explain: \_\_\_\_\_

- (f) Are money and securities physically counted and verified?  Yes  No
- (g) Are the ledger balances to the credit of customers verified?  Yes  No

**Internal Audit**

- (h) (i) Is there an Internal Audit Department?  Yes  No
- Number of Employees \_\_\_\_\_, Position reported to \_\_\_\_\_
- (ii) If Yes, are monthly reports rendered directly to the Board of Directors?  Yes  No
- (i) Are money and securities physically counted and verified?  Yes  No
- (j) Are the ledger balances to the credit of customers verified?  Yes  No

**INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES)**

8. (a) Is there countersignature of cheques?  Yes  No
- If No, please explain: \_\_\_\_\_
- \_\_\_\_\_

- (b) How are cheques guarded to avoid loss or misplacement? \_\_\_\_\_
- \_\_\_\_\_
- (c) Is the sequence of cheque numbers carefully observed to ensure proper accountability?  Yes  No
- (d) If cheque-signing machines are used, describe control over signature plates: \_\_\_\_\_
- \_\_\_\_\_
- (e) Are all incoming cheques and drafts immediately endorsed "for deposit only"?  Yes  No
- (f) Is there a Security Manual in each premises detailing procedures in the event of robbery, burglary, kidnapping, extortion, etc.?  Yes  No
- (g) Are there operating manuals or other written instructions covering all aspects of your business which clearly define the duties of each employee?  Yes  No
- (h) Is there a formal, planned program requiring segregation of duties so that no single transaction can be fully controlled from origination to posting by one person?  Yes  No

**Teller Positions**

- (a) Does each teller have a robbery alarm activator which is hidden from public view?  Yes  No
- (b) Are all tellers provided with bait or decoy money? (Bait money consists of currency notes, the denominations and serial numbers of which have been recorded and verified).  Yes  No
- (c) Are all tellers required to lock all cash in their cash drawers whenever the station is unattended?  Yes  No
- (d) Are the contents of all tellers' cash drawers verified on an unscheduled basis?  Yes  No
- (e) When cash deliveries are received at branches, are the funds immediately counted and verified under joint control in the vault or in a locked room hidden from public view?  Yes  No

**Loans and Mortgages**

- (a) Is there a loan policy manual (detailing what are desirable and undesirable loans, collateral requirements, loan and overdraft authority, etc.)?  Yes  No
- (b) Are all promissory notes approved and initialled by the loaning officer?  Yes  No
- (c) Is a sequential number control maintained by assigning a number to all new or renewed notes?  Yes  No
- (d) Are all loan signatures obtained on the premises in the presence of an officer?  Yes  No
- (e) If cosigners do not sign in the presence of an officer, do you require their signatures to be either notarized or directly verified with them (not a signature card comparison)?  Yes  No
- (f) Are loan proceeds disbursed by someone independent of the individual who authorized the loan?  Yes  No
- (g) Are loan proceeds disbursed by credit to customer accounts or by cheque, never in cash?  Yes  No
- (h) Does an officer approve and verify as genuine all collateral secured for repayment of loans before the loan is made?  Yes  No
- (i) Is the use of client's solicitors allowed for registering mortgages?  Yes  No
- (j) Are appraisals of real property made by an outside firm?  Yes  No

If No, please explain: \_\_\_\_\_

\_\_\_\_\_

(k) How long are loan/mortgage payments allowed to remain in arrears prior to being investigated?

\_\_\_\_\_

- (l) Do you permit loans to Directors, Officers, or major shareholders, or their families, or other companies with whom such persons are associated or have an interest?  Yes  No
- If Yes, are all loans handled by officers totally unconnected with the borrowers?  Yes  No

**EXPOSURE**

9. Premises	<u>Head Office</u>	<u>Main Branches</u>	<u>Other Branches</u>
(a) State maximum value of Securities (including negotiable collateral, unissued stock certificates, etc.):	\$ _____	\$ _____	\$ _____
(b) State maximum value of cash, bullion, precious stones and similar items, and unissued traveller's cheques:	\$ _____	\$ _____	\$ _____
<b>Tellers</b>			
(c) State maximum amount of "Working Drawer" cash with any single teller:	\$ _____	\$ _____	\$ _____
<b>Automated Teller Machines</b>			
(d) State maximum cash exposure permitted:	\$ _____	\$ _____	\$ _____
(e) If device accepts deposits, please estimate maximum exposure prior to pickup:	\$ _____	\$ _____	\$ _____
<b>Transit</b>			
(f) State maximum amount of cash and securities in transit by armoured motor vehicle at any one time, to and from:	\$ _____	\$ _____	\$ _____
(g) State maximum amount of cash and securities in transit by messengers at any one time, to and from:	\$ _____	\$ _____	\$ _____

**VAULTS, SAFES AND ALARMS**

10. Premises	<u>Head Office</u>	<u>Main Branches</u>	<u>Other Branches</u>
<b>VAULTS</b>			
(a) Are there vaults on the premises?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
(b) Are they equipped with:			
duel combination lock?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
time lock?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
lockable day gate?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
(c) Are walls, floors and ceilings of reinforced concrete and lined steel?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
(d) What is the U.L. (Underwriters Laboratories) rating?	_____	_____	_____
<b>SAFES</b>			
(a) Are there safes on the premises?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

- (b) Are they equipped with a dual combination lock with a relocking device that will effectively lock the door if the safe is attacked?  Yes  No  Yes  No  Yes  No
- (c) Are safes anchored to the floor or alternatively do they weigh not less than 680 kgs (1500 lbs) empty?  Yes  No  Yes  No  Yes  No
- (d) What is the U.L. (Underwriters Laboratories) rating? \_\_\_\_\_

**ALARMS**

- (a) Are there alarm systems against Burglary?  Yes  No  Yes  No  Yes  No  
 Robbery?  Yes  No  Yes  No  Yes  No
- (b) Are they connected to:  
 Central Station?  Yes  No  Yes  No  Yes  No  
 Police Station?  Yes  No  Yes  No  Yes  No  
 Elsewhere? (describe): \_\_\_\_\_
- (c) What is the U.L. (Underwriters Laboratories) rating? \_\_\_\_\_

**OTHER PROTECTION**

- (a) Please specify other protection devices such as camera systems, security services, or other security measures not mentioned herein: \_\_\_\_\_
- Head Office                      Main Branches                      Other Branches

**PERSONNEL**

11. (a) Do you require annual vacations of at least two consecutive weeks for all officers and employees?  Yes  No  
 If No, please explain: \_\_\_\_\_
- (b) Is there a formal, planned program requiring the rotation of duties of key personnel without prior notice thereof?  Yes  No  
 If No, please explain: \_\_\_\_\_
- (c) Are employee's and officers' accounts reviewed for overdrafts, unusual activity or kiting?  Yes  No
12. (a) Has any financial institution merged into or been acquired by the Applicant within the past 3 years?  Yes  No  
 If Yes, please supply names and dates: \_\_\_\_\_
- (b) Are any plans for merger, acquisition or consolidation currently pending or under consideration?  Yes  No  
 If Yes, please provide details and the current status on the Addendum Page.
13. Has there been any change in controlling ownership or management within the past three years?  Yes  No  
 If Yes, explain: \_\_\_\_\_

14. Has any insurance similar to the type being requested in this application been declined or cancelled during the past six years?

If Yes, explain: \_\_\_\_\_  
 \_\_\_\_\_

15. (a) List all claims that have occurred during the past six years (whether reimbursed or not), and  
 (b) List all losses or situations, similar in type to claims which could fall within the scope of the bond being applied for in this application, that have occurred during the past six years (whether reimbursed or not.)

**CHECK IF NONE**

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If Loss occurred at other than Main Office, state Location
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	

16. Is your firm or anyone in your firm, expected to be, currently is, or within the past three years, been under any increased, special or non standard reporting or licensing requirement or control of any sort, to any regulatory or governing bodies?  Yes  No

If the answer is Yes, please give complete details.

**Special Conditions**

**Reason**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present application for insurance. Completion of this application does not bind the Underwriter to provide the insurance requested.**

**The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
 (Insured)

\_\_\_\_\_  
 Signed By

\_\_\_\_\_  
 (Name – Please Print)

\_\_\_\_\_  
 (Title)



Optional bonds/policies are available in conjunction with the Financial Institution Bond. If applicable, please indicate your coverage requirements below:

A. Do you presently have in force a Registered Mail Policy?  Yes  No

If Yes, please provide: Policy Limit: \$ \_\_\_\_\_

Insurer: \_\_\_\_\_

B. Do you presently have in force a Stamp Surety Bond?  Yes  No

If Yes, please provide the Single Transaction Limit: \$ \_\_\_\_\_

**ADDENDUM**

(Please add here any additional information)