



APPLICATION FOR FINANCIAL INSTITUTION BOND

Form No. 25

FOR USE BY MOST GENERAL AND LIFE INSURANCE 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

ALL QUESTIONS MUST BE ANSWERED. Attach Addendum Page(s) if required.

Application is hereby made by: _____

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

Principal Address: _____

(herein called Insured) for a **Primary**; **Excess**; **Financial Institution Bond, Form No. 25**, 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. Insured is a (check the appropriate box):
- Insurance Company Life Insurance Company Industrial Non-Industrial
- Other: _____

2. Principal line of insurance written during the last calendar year: _____

3. For all Insureds, show the total number of: No. of
- (a) Locations (other than the Head Office of the Insured first named) where insurance
 operations are conducted: within Canada _____
U.S., Puerto Rico and Virgin Islands _____
- (b) Locations where non-insurance operations are conducted: within Canada _____
U.S., Puerto Rico and Virgin Islands _____

(c) All locations outside of Canada, the U.S., Puerto Rico and Virgin Islands, list below:

Location(s) _____

4. Complete the following:

	<u>Total Assets</u>
(a) As of latest Dec. 31	\$ _____
(b) As of latest June 30	\$ _____

5. 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) \$ _____

(b) Life Insurance Companies only: If coverage on your General Agents, Soliciting Agents or Servicing Agents is desired, please complete the attached Supplemental Application – Life Insurance Company – Agents Questionnaire.

Please indicate if the Supplemental Application has been completed? Yes No

OPTIONAL FORMS OF COVERAGE

AMOUNT

- (c) Is Insuring Agreement D – Forgery or Alteration Coverage desired? Yes No \$ _____
- (d) Is Insuring Agreement E – Securities Coverage desired? Yes No \$ _____
- (e) Is Trading Loss Coverage desired? Yes No \$ _____
- (f) Is Extortion – Threats to Persons Coverage desired? Yes No \$ _____
- (g) Is Extortion – Threats to Property Coverage desired? Yes No \$ _____
- (h) Is Fraudulent Real Property Mortgages Coverage desired? Yes No \$ _____
- (i) Is Computer Systems 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 agents, brokers or other outside parties permitted? Yes No

(2) Other Computer Systems

List below other Computer System(s) for which coverage is desired:

Computer System(s)

- (j) 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

6. Are you a direct participant in a depository for the central handling of securities? Yes No

If Yes, list below the name and location of each such depository:

Name & Location

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

8. Will any other security or indemnity be carried against any of the losses covered by this bond? Yes No

If Yes, give the amount of such additional security and the names of the companies furnishing indemnity and the expiration dates of the bonds or policies:

<u>Name</u>	<u>Amount</u>	<u>Expiration Date</u>
_____	\$ _____	_____
_____	\$ _____	_____

AUDIT PROCEDURES

9. **External Audit**

(a) (i) Is there an annual audit by an 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)

- 10. (a) Are all outgoing cheques countersigned? Yes No
If No, please explain: _____

- (b) Will endorsement of cheques on your behalf be limited to endorsement for deposit and credited to your account? Yes No
If No, please explain: _____

- (c) Are bank reconciliations completed by person(s) not authorized to deposit or withdraw therefrom? Yes No
If No, please explain: _____

- (d) Is there a formal, planned program requiring segregation of duties so that no single transaction (including claim handling and draft issuance procedures) can be fully controlled from origination to posting by one person? Yes No
If No, please explain: _____

- (e) Do your own staff adjust policyholder claims? Yes No
If Yes, is there a limit to the amount of claim which they can settle? Yes No
Please explain: _____

- (f) Must all cheques or drafts in settlement of claims be countersigned? Yes No
If No, please explain: _____

- (g) Please provide details of any other procedures that are in place to prevent the payment of fraudulent claims by inside or outside investigators or adjusters. _____

SECURITIES

- 11. (a) State book value of all securities as per last statement, deposited with regulatory bodies: \$ _____
- (b) Where are the securities lodged? _____

- (c) Maximum exposure: \$ _____
- (d) If securities are held at Head Office or branches, describe vaults or safes: _____

- (e) If securities are lodged in Banks or Trust Companies, describe type of deposit (Safekeeping, Safe Deposit Box, etc.): _____

(f) Give the names and positions of persons in your firm who have access to your securities:

Name

Position

(g) Are deposits or withdrawals of securities subject to joint control of two or more persons? Yes No

(h) If securities are in safekeeping, give the names and positions of persons who can sign or endorse cheques or instruments effecting or authorizing payment relating to any security transaction:

Name

Position

12. Give details of prior coverage:

Form of bond/policy: _____

Expiry date: _____ Amount of Coverage: _____

Annual premium: _____ Name of Insurer: _____

13. Has there been any change in ownership or management within the past three years? Yes No

If Yes, please explain: _____

14. Has any insurance been declined or cancelled during the past three years? Yes No

If Yes, please 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

17. The following includes the Insured's **entire personnel** at all of the Insured's offices who are to be covered under the bond, divided into Class A and all other personnel:

CLASS A EMPLOYEES

Those who, as a part of their regular duties, **handle or have custody of money, securities or property, including in any event** all occupants of positions below listed:

Position	No. of Occupants
President	
Vice-President	
Secretary	
Treasurer	
Comptroller	
Auditor	
Actuary	
Accountant	
Bookkeepers	
Payroll Clerk	
Cashiers	
Attorney	
Claim Investigator/Adjuster	
Underwriter (adjusting losses or having power to bind Insured)	

Position	No. of Occupants
Manager	
Branch Manager	
Department Manager	
Sales Manager	
Superintendents	
Salesman (outside who collect)	
Purchasing Agents	
Shipping/Receiving Clerks	
Stock Appraisers or Clerks	
Supervisors	
Messengers (outside)	
Custodians/Watchmen	
TOTAL CLASS A	

OTHER PERSONNEL	
TOTAL	

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)



SUPPLEMENTAL APPLICATION

AGENTS QUESTIONNAIRE FOR LIFE INSURANCE COMPANIES

PLEASE NOTE:

General Agent means a natural person, firm or corporation engaged or authorized by the Insured to solicit insurance for the account of the Insured. The term General Agent shall be deemed to include the partners, officers and employees of such Agent and all such persons shall collectively be deemed to be one person.

Soliciting Agent means an individual, firm or corporation engaged or authorized by the Insured or by any General Agent of the Insured to solicit insurance for the account of the Insured or of such General Agent, and shall be deemed to include any insurance broker under contract with the Insured or with such General Agent. The term Soliciting Agent shall be deemed to include the partners, officers and employees of such Agent and all such persons shall collectively be deemed to be one person.

Servicing Agent means a natural person, firm or corporation engaged or authorized by the Insured to perform any or all of the following:

- (a) collect and record payments on real estate mortgage or home improvement loans made, held or assigned to the Insured, and establish tax and insurance escrow accounts,
- (b) manage real property owned by or under the supervision or control of the Insured, or
- (c) perform other acts directly related to the above.

The term Servicing Agent shall be deemed to include the partners, officers and employees of such Agent and all such persons shall collectively be deemed to be one person.

		<u>Limit of Liability</u>	<u>Deductible Requested</u>
1.	(a) Is Coverage on your General Agents desired?	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
	(b) Is Coverage on your Soliciting Agents desired?	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
	(c) Is Coverage on your Servicing Agents desired?	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
2.	Number of:	Within Canada	U.S.
		Outside Canada and the U.S.	Total
	General Agents	_____	_____
	Soliciting Agents	_____	_____
	Servicing Agents	_____	_____
	TOTAL	_____	_____
3.	(a) Does your firm bill the client directly?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	(b) Are there other means of payment?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Please explain: _____		
	(c) What procedure is followed for the <u>first</u> payment? _____		
	(d) How does the Insured know that it is receiving all first payments on new accounts? _____		
	(e) How does the Insured verify that a client has purchased a "Policy"? _____		
	(f) Does the Insured send a verification statement to its clients on all new business? _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Do these verification requests contain instructions to report discrepancies to a named person other than the Agent? _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	

(g) How long does a "Policy" stay in force if there is non-payment of premium? _____

Is there an investigation? Yes No

(h) (i) Are commissions paid to Agents by Insured? Yes No

(ii) Are commissions deducted by Agents? Yes No

4. (a) Does a contract exist between you (the Insured) and your Agents? Yes No

If No, please explain: _____

(b) What prior investigation is made before issuing a contract to a prospective Agent? _____

(c) Is the Agent's personal financial information obtained? Yes No

(d) Is the Agents loss history reviewed? Yes No

(e) Is there a periodic review of Agents? Yes No

If Yes, how often? _____

5. What types of products are sold by the Agents:

Life Policies Securities Annuities

Other (please describe): _____

6. Do Life Insurance Agents also act as registered representatives? Yes No

7. (a) List all claims involving agents that have occurred during the past six years (whether reimbursed or not), and

(b) List all losses or situations involving agents, similar in type to claims which could fall within the scope of the agents coverage 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
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	

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)