



Commercial Crime Policy Application For Healthcare Facilities

Application is hereby made by _____

(Please attach a list of all Insureds, including Employee Benefit Plans)

Principal Address _____ City _____ State _____ Zip _____

Policy Effective Period _____ to _____

1. Insuring Agreement

Limit of Insurance
per occurrence

Deductible

1. Employee Dishonesty	\$	\$
2. Forgery or Alteration	\$	\$
3. Inside the Premises	\$	\$
4. Outside the Premises	\$	\$
5. Computer Hacking	\$	\$
6. Money Orders and Counterfeit Paper Cash	\$	\$
7. Loss of Clients' Property	\$	\$
8. Funds Transfer Fraud	\$	\$
9. Fraudulently Induced Transfer (Separate application required)	\$	\$
10. ERISA Fraud of Dishonesty	\$	\$

Yes

No

Is Kidnap, Ransom, and Extortion Coverage Desired? (Separate application required)

☐☐

What other Coverage Amendments (Endorsements) are Desired?

2. Financial Status (per latest FYE)

Total

% Change from prior year

a. Annual Gross Assets		
b. Annual Gross Sales		
c. Net Income		
d. Net Worth		

Please submit the following information in support of this application: Latest Annual Fiscal Year End Audited Financials, CPA Letter to Management and Management Response

3. Description of your organization

a. Legal Entity

☐ Proprietorship ☐ Partnership ☐ Corporation ☐ Other _____

Date of Establishment _____

b. Classify your predominant activity

☐ Nursing Home ☐ Hospital ☐ Assisted Living Facility

☐ Surgery Center ☐ Other _____

3. Description of your organization *Continued***Yes****No**

c. Please describe the products or services of your predominant business or activity

d. Has there been any change in ownership or management within the past three years?

☐☐**If yes**, please explain.**4. Audit Procedures****Yes****No**

a. Are your annual financial statements audited by a public accountant?

☐☐

b. Is the public accountant's opinion unqualified?

☐☐

c. Does it include all interests and locations on an annual basis?

☐☐

d. Have all recommendations made by the accountant been adopted?

☐☐

e. Are all reports sent directly to the Owner, Partners or Directors?

☐☐***Internal Audit Procedures***☐☐

a. Is there a full time professional staff auditor?

b. Does the staff auditor conduct an audit ☐ annually or ☐ on a surprise basis

c. Is there a formal audit program?

☐☐

d. Does the auditor have the authority to check anyone and any record at any time?

☐☐

e. Does the auditor originate entries?

☐☐

f. If weaknesses are discovered, does the auditor report in writing to the First Named Insured?

☐☐

g. Do you audit your Wire Transfer procedures?

☐☐**5. Internal Controls****Yes****No*****Pharmaceuticals***

a. Is a physical inventory taken of pharmaceuticals and other controlled substances at the beginning and end of each shift?

☐☐

b. Is distribution of pharmaceuticals and other controlled substances subject to participation of at least two qualified staff members?

☐☐***Bank Accounts***

c. Are bank accounts reconciled monthly?

☐☐

d. Are bank accounts reconciled by someone not authorized to deposit, withdraw, or write checks?

☐☐***Resident's Property***

e. Do employees have access to resident bank accounts?

☐☐

f. Are funds established with residents' petty cash for incidental items?

☐☐**If yes**, describe.

g. Is an itemized inventory of resident property maintained and witnessed by at least two persons?

☐☐

5. Internal Controls *Continued***Yes****No****Checks**

- | | | |
|---|--------------------------|--------------------------|
| h. Is countersignature of all checks required?
Above what amount? \$ _____ | ☐ | ☐ |
| i. Do all vouchers or other supporting records accompany all checks to be signed? | ☐ | ☐ |
| j. Are vouchers/supporting records stamped "PAID" when checks are signed? | ☐ | ☐ |
| k. Are your systems designed so that no single employee can control a transaction from beginning to end (e.g. approve a voucher, request and sign a check)? | ☐ | ☐ |

Securities

- | | | |
|--|--------------------------|--------------------------|
| l. Do you store negotiable securities on premises? | ☐ | ☐ |
| m. Are securities subject to the joint control of two or more employees? | ☐ | ☐ |

Billing

- | | | |
|---|--------------------------|--------------------------|
| n. Is there a system in place to detect fictitious medicare/medicaid billing? | ☐ | ☐ |
|---|--------------------------|--------------------------|

Payroll

- | | | |
|---|--------------------------|--------------------------|
| o. Do you screen your employees for prior acts of dishonesty? | ☐ | ☐ |
| p. Are credit reports checked when screening new employees? | ☐ | ☐ |
| q. Is drug testing done for new employees, with random follow ups? | ☐ | ☐ |
| r. Is the payroll made up by persons other than those who distribute it to employees? | ☐ | ☐ |
| s. Are all persons authorized to hire and/or fire employees prohibited from distributing the payroll? | ☐ | ☐ |
| t. Is positive identification required of each person receiving pay? | ☐ | ☐ |

Shipping and Receiving

- | | | |
|--|--------------------------|--------------------------|
| u. Are all persons engaged in purchase or sales activities prohibited from taking part in shipping and receiving activities? | ☐ | ☐ |
| v. Are all shipping and receiving activities reconciled to all applicable sale or purchase orders? | ☐ | ☐ |
| w. Does any employee have access to the purchasing system and also the accounts payable system? | ☐ | ☐ |
| x. Is all purchasing centralized out of your main office? | ☐ | ☐ |
| y. Do you have a system to detect payment to fictitious suppliers? | ☐ | ☐ |
| z. Are cash or credits on return purchases supervised by at least two persons? | ☐ | ☐ |

Supervision by Owner

- | | | |
|---|--------------------------|--------------------------|
| aa. Is there personal supervision of business activities on a daily basis by an Owner, Partner or Director? | ☐ | ☐ |
| bb. Does that person: | | |
| 1. Deposit all cash receipts? | ☐ | ☐ |
| 2. Sign or countersign all checks? | ☐ | ☐ |
| 3. Check petty cash periodically? | ☐ | ☐ |
| 4. Verify periodically, accounts receivable? | ☐ | ☐ |

5. Internal Controls *Continued***Yes****No**

5. Reconcile all bank accounts?	☐	☐
6. Verify shipping and receiving activities?	☐	☐
7. Review journal entries?	☐	☐

6. Funds Transfer Procedures**Yes****No**

a. What departments conduct wire funds transfers? _____		
b. Do you maintain a fully documented procedure manual covering all wire transfer procedures?	☐	☐
c. Are all payment instructions executed under a sequential numbering system?	☐	☐
d. Is there an internal audit department which includes E.D.P. auditing?	☐	☐
e. If there is no internal audit department, please advise how this function is fulfilled:		
f. If you utilize consultants, do you change passwords when they finish their work?	☐	☐
g. What is the total annual volume of funds transferred? _____		
h. What is the largest amount one person can transfer? _____		
i. What is the average size of transfers? _____		
j. Are all funds transfer functions handled by banks and/or financial institutions?	☐	☐
k. Do you have facilities to transfer funds yourself without involving third parties?	☐	☐
l. Are all telephone transfer instructions given to banks confirmed in writing within 24 hours?	☐	☐
m. Is there segregation of duties so that no one employee can initiate and complete transactions without approval by others?	☐	☐
n. Do you change passwords when employees leave?	☐	☐
o. Describe controls in place to prevent unauthorized use of computers by employees or others? (i.e. are computer rooms locked, maintenance ports protected, etc)		
p. What is the total number of employees who have the authority to make transfers? _____		
q. Do you utilize port security that detects unusual activity?	☐	☐
r. How do you detect whether an employee has exceeded their authority? _____		

7. Vendor Information**Yes****No**

a. Are background checks performed on vendors in order to determine ownership and financial capability prior to doing business with them?	☐	☐
b. Is an authorized vendor list utilized and updated for all annual purchases, with competitive bidding required over stated amounts?	☐	☐
c. Are requisitions and purchase orders issued only after the approval of specified personnel within specified limits?	☐	☐
d. Is each cash disbursement based on a recognized liability, accurately prepared, and appropriately authorized, including comparisons to authorized vendor lists and receiving reports?	☐	☐
e. Are perpetual inventories maintained of materials and supplies and periodically verified by physical count?	☐	☐

7. Vendor Information Continued

Yes No

f. Are vendors provided with a statement of your conflict of interest and gift policy (prohibiting gifts of any significant value)?

☐ ☐

g. Are vendors asked to disclose any gifts or favors offered or requested or other questionable behavior by employees?

☐ ☐

h. Do the same controls apply to locations outside of the United States?

☐ ☐

8. ERISA Fraud or Dishonesty

Yes No

1. List Exact Names of All Plans to be covered and Asset Values (\$):

Name of Plan

Plan assets

Limit requested

2. Are the assets of the Plan(s) audited at least annually by an independent CPA?

☐ ☐

3. Are the assets of the Plan(s) administered by an independent third party?

☐ ☐

3a. Name and address of administrator

4. Are any of the Plan assets non-qualified?

☐ ☐

(Note: Non-qualified assets are assets held in limited partnerships, artwork, collectibles, mortgages, real estate or securities of "closely held" companies and are held outside of regulated institutions such as a bank; an insurance company; a registered broker-dealer or other organization authorized to act as trustee for individual retirement accounts under Internal Revenue Code 408).

If yes, separate application is required.

_____ %

9. Prior Insurance

Yes No

a. Has any similar insurance been declined or canceled during the past three years?

☐ ☐

If yes, please explain

b. Prior insurance to be superseded

☐ Check here if none

Form of Insurance

Effective Date

Expiration Date

Limit of Insurance

Name of Insurance Company

10. Loss History

Enter all claims or occurrences that may give rise to claims for the prior 5 years

☐ Check here if none

Date of Occurrence

Type/Description of Occurrence or Claim

Date of Claim

Amount Paid

Claim Status

Open

Closed

☐ ☐

☐ ☐

☐ ☐

☐ ☐

Comments/Corrective Action Taken

11. Classification of Employees and Locations

Classification of Employees (Including Full Time and Part Time)

- a. Number of RNs _____ LPNs _____ CNAs _____ Other _____
- b. Number of All Other Employees _____ Please attach total employee Census.
- c. Number of additional locations other than the head office _____
- d. Number of beds in each facility _____

12. Money - Securities

Please enter the exposure for each category. Amounts entered should be the maximum exposure.

Type	Money	Securities (Other Than Payroll Checks)	Checks (Excluding Retail Checks)	Payroll Checks	Money Overnight	Securities (In Bank/Safe Deposit)
Inside						
Messenger #1						
Messenger #2						

13. Property

Please provide a description of property, merchandise, stock, etc. to be covered. Please also state the maximum value.

14. Precious Metals

- | | Yes | No |
|--|--------------------------|--------------------------|
| a. Do you use and store valuable or precious metals? | ☐ | ☐ |
| b. Do you use and store non-precious metals? | ☐ | ☐ |

If yes, please complete our Valuable Metals Questionnaire.

15. General Information

Business Hours	Average # of Employees On Duty	Frequency of Deposits	Night Depository Used	Annual Gross Sales or Receipts For Last Fiscal Year	Other Information

16. Premises/Safe Protection

- a. What type of alarm(s) do you have at each of your premises?
- | | | |
|---|---|--|
| ☐ 1. Hold-up Alarm | ☐ 2. Premises Alarm | ☐ 3. Safe Alarm |
| ☐ 4. Local Gong | ☐ 5. Central Station Alarm | ☐ 6. Police Connected Alarm |

If alarms vary from location to location, please explain.

- b. What is/are the certificate number(s) on your alarms(s) and what is/are the expiration date(s)? _____

- c. Is safe/vault protection ☐ partial ☐ complete

- d. Who installs and services your alarms? _____

- e. Please specify the number of guards and/or watchpersons on duty each shift _____

- f. Please describe any additional protection (e.g. fences, floodlights, etc.) _____

17. Internet Security

	Yes	No
a. Do you buy or sell goods via the internet?	☐	☐
b. Do you have a firewall?	☐	☐
c. Do you have an intrusion detection system that identifies unauthorized access?	☐	☐
d. Do you have documented internet guidelines for employees?	☐	☐
e. Do you have documented emergency procedures?	☐	☐
f. Has your computer system ever been invaded by a hacker or virus?	☐	☐
If yes, when and what controls have been implemented to prevent further incidences?		

Fraud Statements

Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (*or willfully*)* presents a false or fraudulent claim for payment of a loss or benefit or 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. **Applies in MD Only.*

Applicable in CO: 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 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 Agencies.

Applicable in FL and OK: 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*)*. **Applies in FL Only.*

Applicable in KS: 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.

Applicable in KY, NY, OH and PA: 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 to exceed five thousand dollars and the stated value of the claim for each such violation*)*. **Applies in NY Only.*

Applicable in ME, TN, VA and WA: 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 and denial of insurance benefits. **Applies in ME Only.*

Fraud Statements *Continued*

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in PR: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

NOTICE TO APPLICANTS:

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

Applicant Signature _____ **Title** _____ **Date** _____

Producer Signature _____ **Title** _____ **Date** _____