



# Chubb Insurance Company of Australia Limited

ABN 69 003 710 647 A.F.S. Licence No: 239778

Citigroup Centre, Level 29, 2 Park Street, Sydney NSW 2000

Telephone: 9273 0100 • Fax: 9273 0101 • DX: 13031 Sydney Market Street

## CRIME INSURANCE PROPOSAL FORM

### APPLICATION INSTRUCTIONS:

Whenever used in this Application, the term "**Applicant**" shall mean the Parent Organisation and all organisations applying for coverage.

Include all requested underwriting information and attachments. Provide a complete response to all questions and attach additional pages if necessary.

### A. GENERAL INFORMATION:

- Name of **Applicant**: \_\_\_\_\_
- Address of **Applicant**: \_\_\_\_\_
- Date established: \_\_\_\_\_
- Requested Limits of Liability: \_\_\_\_\_ and Deductible Amounts: \$ \_\_\_\_\_
- Describe or attach a description of the **Applicant's** operations: \_\_\_\_\_

6. Please complete the following:

| List Countries in which you have operations | Type of Operation | Number of Locations | Number of Employees | Revenues |
|---|-------------------|---------------------|---------------------|----------|
|   |                   |                     |                     | \$       |
|   |                   |                     |                     | \$       |
|   |                   |                     |                     | \$       |
|   |                   |                     |                     | \$       |
|   |                   |                     |                     | \$       |
|   |                   |                     |                     | \$       |
| <b>TOTAL:</b>                               |                   |                     |                     | \$       |

7. Please provide the following information for any mergers or acquisitions in the past 12 months:

Name of company acquired \_\_\_\_\_

Date of the transaction \_\_\_\_\_

Description of operations acquired \_\_\_\_\_

Annual revenues \_\_\_\_\_

Number of employees \_\_\_\_\_

8. Does the **Applicant** provide any lease financing in the course of its business?  Yes  No

9. Have policies been published and distributed to all employees regarding a code of ethics, conflicts of interest and gifts and gratuities?  Yes  No

**B. SPECIFIC INFORMATION:**

**HUMAN RESOURCES AND PAYROLL**

*Explain any "NO" answers at the END of this Application.*

1. Is the following pre-employment screening conducted prior to hiring in all business units, both domestically and internationally:
  - a. Criminal history record checks in all jurisdictions in which the prospective employee has lived for the last 5 years?  Yes  No
  - b. Reference checks with all prior employers during the last 5 years?  Yes  No
  - c. Credit check (if access to cash or control/input of financial transactions)?  Yes  No
  
2. Are the following payroll controls in place at all domestic and international operations:
  - a. Are management policies and computer system controls in place to prevent persons who approve new hires from adding them into the payroll?  Yes  No
  - b. Are additions to the payroll system automatically reported via the computer system to a HR manager who reconciles payroll changes with new hire documentation?  Yes  No
  - c. Are managers periodically provided with the names and salaries of all employees assigned to them for verification?  Yes  No
  - d. Does the audit department have a program in place to detect possible ghost employees and is the payroll system audited at least annually?  Yes  No
  - e. Is the IT department and accounting department restricted from any access to the payroll computer system?  Yes  No

**AUDITING PROCEDURES**

*Explain any "NO" answers at the END of this Application.*

1. Internal Auditing:
  - a. How many professionals are in your internal audit department?  
Currently: \_\_\_\_\_; three years ago: \_\_\_\_\_
  - b. Does the audit department receive automatic exception reports on suspect financial transactions and financial trends?  Yes  No
  - c. Does the audit schedule include all locations of subsidiaries and joint ventures?  Yes  No
  - d. Are audit reports furnished to senior management and the board of directors with all recommendations prioritised by the level of risk they pose to the **Applicant**?  Yes  No
  - e. Please attach a copy of the current year's audit plan from the internal auditors.
  
2. External Auditing:
  - a. Does an independent CPA annually provide you a management letter?  Yes  No  
(If "Yes," please attach the most recent copy and management's response.)
  - b. Is each corporate location subjected to periodic external audits?  Yes  No
  - c. Are audit reports furnished to senior management and the board of directors?  Yes  No

**WIRE TRANSFERS (WT)**

*Explain any "NO" answers at the END of this Application.*

1. Has separation been established between authority to initiate and approve a WT?  Yes  No
2. Have approval authorities been established in writing and are they current?  Yes  No
3. Are WT's reconciled daily by a person who did not approve or transmit such WT's?  Yes  No
4. Are international and domestic WT procedures and controls consistent?  Yes  No

## PURCHASING CONTROLS

*Explain any "NO" answers at the END of the Application.*

1. Are levels of purchasing authority established in writing throughout your organisation?  Yes  No
2. Has a numbered purchase order system been implemented and is it being followed?  Yes  No
3. Has an approved master vendor list been established?  Yes  No
4. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized master vendor list?  Yes  No  
If "Yes," is "due diligence" conducted by someone other than the person requesting such addition or with authority and/or ability to add the vendor to the master list?  Yes  No
5. Does the purchasing system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends?  Yes  No
6. Are international and domestic purchasing procedures and controls consistent?  Yes  No

## ACCOUNT PAYABLE CONTROLS

*Explain any "NO" answers at the END of the Application.*

1. Are all invoices verified against a corresponding purchase order, receiving report, and authorized master vendor list prior to issuing payment?  Yes  No
2. Are invoices, purchase orders, and check runs reconciled daily by an independent party?  Yes  No
3. Are cheque signing authorities and dual control requirements established in writing?  Yes  No
4. Are blank and cancelled cheques stored under dual control with access documented?  Yes  No
5. Is a perpetual inventory in place for blank cheques and are daily inventories taken?  Yes  No
6. Is a monthly reconciliation conducted of all bank accounts by someone who does not handle deposits, sign cheques or have access to electronic or mechanical signatures?  Yes  No
7. Does the accounts payable system automatically produce exception reports to notify management and auditing of potential fraudulent transactions or trends?  Yes  No
8. Are international and domestic accounts payable procedures and controls consistent?  Yes  No

## INVENTORY CONTROLS

*Explain any "NO" answers at the END of the Application.*

1. Is a perpetual inventory maintained for:
  - a. Stock, including raw materials, and manufacturing components,  Yes  No
  - b. Manufactured or finished goods,  Yes  No
  - c. Scrap  Yes  No
2. Do inventory procedures enable accurate accounting of all inventory items listed above at each stage of the manufacturing or production process?  Yes  No
3. Are daily cycle counts conducted on inventory items?  Yes  No
4. Are physical inventory counts conducted at least annually and reconciled with the perpetual inventory system? If "Yes":
  - a. Is the reconciliation performed by someone not associated with the control of the physical inventory?  Yes  No
  - b. Are inventory variances outside established parameters reported to auditing?  Yes  No
5. Does the **Applicant** use precious metal, stone or other high value items in the manufacturing or processing of goods? If "Yes":
  - a. Is access to such materials restricted, physically controlled and monitored? Please attach details of such controls.  Yes  No
  - b. Are daily inventories conducted of all high value items?  Yes  No

- c. Please provide the average \_\_\_\_\_ and maximum value \_\_\_\_\_ at each location.
6. Are international and domestic inventory procedures and controls consistent?  Yes  No

### MONEY AND SECURITIES CONTROL

*Explain any "NO" answers at the END of the Application.*

1. State the value of negotiable securities owned or held: \$ \_\_\_\_\_  N/A
2. Where are the securities kept? \_\_\_\_\_
3. If safe deposit boxes are used, has the bank been instructed to require that two authorized individuals be present before entry to any box is permitted?  Yes  No  N/A
4. What is the maximum amount held at, or transported from, any one location?  
Cash: \$ \_\_\_\_\_ Checks: \$ \_\_\_\_\_ Negotiable Securities: \$ \_\_\_\_\_  N/A

### COMPUTER SYSTEMS PROTECTION

*Explain any "NO" answers at the END of the Application.*

1. Are access controls designed so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure?  Yes  No
2. Have computer access controls been implemented that include the following:
- a. Passwords are required to be alpha/numeric and 6-9 characters? (system enforced)  Yes  No
  - b. Are user IDs automatically revoked upon separation of employment?  Yes  No
  - c. Are password files encrypted for all applications and is access restricted?  Yes  No
3. Are business-to-business or business-to-consumer transactions performed over the Internet? If "Yes":  Yes  No
- a. Are firewalls configured to restrict all IP communications except those necessary to conduct business and are firewall security patches current?  Yes  No
  - b. Is firewall port scanning and penetration testing conducted regularly?  Yes  No
  - c. Were web-based applications independently tested for security vulnerabilities prior too, or at the time of, deployment and have they been similarly tested whenever the applications have been modified?  Yes  No
4. Intrusion Detection Systems: Is network-based and host-based IDS software installed and are all patches current?  Yes  No
5. Are B-2-B and B-2-C procedures, systems, and controls the same for domestic and international operations?  Yes  No
6. Do you have a formal process for authenticating all transactions done electronically prior to shipping product or authorizing payment?  Yes  No

### CLIENT SERVICES

1. Do any clients require the **Applicant** to be bonded or carry crime insurance?  
If "Yes," please explain and specify the amount: \_\_\_\_\_  Yes  No  N/A
2. Does the **Applicant** have custody or control over any funds, accounts, or materials of any of its clients?  Yes  No  N/A  
If "Yes", please describe:
3. Do the **Applicant's** employees have access to any client(s) accounting, payroll or purchasing systems?  Yes  No  N/A



## STATUTORY NOTICE

### **A YOUR DUTY OF DISCLOSURE - CONTRACTS OF GENERAL INSURANCE**

Before you enter into a contract of general insurance with an Insurer, you have a duty, under the Insurance Contracts Act 1984, to disclose to the Insurer every matter that you know, or could reasonably be expected to know, is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the Insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of any matter:-

- that diminishes the risk to be undertaken by the Insurer;
- that is of common knowledge;
- that your Insurer knows or, in the ordinary course of their business, ought to know;
- as to which compliance with your duty is waived by the Insurer.

### **NON DISCLOSURE**

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce their liability under the contract in respect of a claim or may cancel the contract.

If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

### **B UTMOST GOOD FAITH**

Every insurance contract is subject to the doctrine of utmost good faith which requires that parties to the contract should act toward each other with the utmost good faith. Failure to do so on your part may prejudice any claim or the continuation of cover provided by the Insurer.

### **C NOT A RENEWABLE CONTRACT**

Cover under this policy will terminate at expiry of the Period of Insurance specified in your policy document. If you wish to effect similar insurance for a subsequent period, it will be necessary for you to complete a new proposal form prior to the termination of the current policy so that terms of insurance and quotation/s can then be developed for your consideration.

### **D CHANGE OF RISK OR CIRCUMSTANCES**

It is vital that you should advise us of any departure from your "normal" form of business (i.e. that which has already been conveyed to the Insurer). For example, acquisitions, changes in location or new overseas activities.

### **E SUBROGATION**

You may prejudice your rights with regard to a claim if, without prior agreement from the Insurer, you make agreement with a third party that will prevent the Insurer from recovering the loss from that, or another party.

Your policy contains provisions that either exclude the Insurer from liability, or reduce their liability, if you have entered into any agreements that exclude your rights to recover damages from another party in relation to any loss, damage or destruction which would allow you to sustain a claim under this policy.