



THEODORE LIFTMAN INSURANCE, INC.
FINANCIAL INSURANCE

LIFTMAN INSURANCE AGENCY CO. (NC, TX, CA) | LIFTMAN INSURANCE AGENCY (NY)

CRIME APPLICATION FOR INVESTMENT ADVISORS

INSURER: THE HANOVER INSURANCE GROUP

Policy Coverage and Features* include:

- Employee Theft
- Forgery & Alteration
- Inside the Premises – Theft of Money and Securities
- Inside The Premises – Robbery or Safe Burglary of Other Property
- Outside the Premises
- Computer Fraud
- Funds Transfer Fraud
- Money Orders and Counterfeit Money
- Fraudulent Transfer Instructions
- False Pretense (\$100,000 sublimit/\$10,000 deductible)

See page 5 for a description of coverages.

*All coverage subject to policy terms, conditions and underwriting approval

	# of Employees	Limit / Deductible Options	Annual Premium
Select Coverages:	1-10 Employees	<input type="checkbox"/> \$500,000 / \$5,000	\$1,460
		<input type="checkbox"/> \$1,000,000 / \$10,000	\$2,065
	11-25 Employees	<input type="checkbox"/> \$500,000 / \$5,000	\$1,900
		<input type="checkbox"/> \$1,000,000 / \$10,000	\$2,725
	26-40 Employees	<input type="checkbox"/> \$500,000 / \$5,000	\$2,173
		<input type="checkbox"/> \$1,000,000 / \$10,000	\$2,999
	41-60 Employees	<input type="checkbox"/> \$500,000 / \$5,000	\$2,343
		<input type="checkbox"/> \$1,000,000 / \$10,000	\$3,311

APPLICATION

Name of Insured: _____
(First Named Insured and all additional insureds. Attach separate sheet if necessary)

Principal Address: _____

Year Established: _____ Effective Date of Coverage: _____

Referred by
 TD Ameritrade Fidelity Investments Schwab Other _____

1) Description of Organization
 Partnership Corporation Proprietorship LLC

2) Do you currently have Crime Insurance? Yes No (If yes, please complete the following.)
Insurance Carrier Limit of Insurance Deductible Expiring Premium

Has any similar insurance been declined or cancelled during the past three years? Yes No
 If yes, please explain: _____

3) Loss Experience (during the past 3 years)

Check if none

Please provide a list of all losses sustained during the past three years, reimbursed or not.

4) Classification of Employees

Total number of employees: _____ Total number of independent contractors: _____

5) Location Information

Number of additional locations: _____

6) Audit & Internal Control Procedures

- A. Is an independent CPA firm involved in the applicant's financial reporting? Yes No
If yes, what is the level of reporting? Audit Review Compilation
 - B. Do you ever take physical custody of your clients' assets? Yes No
 - C. Who furnishes your clients with statements of account activities? _____
How frequently? _____
 - D. Have you ever committed or been charged with SEC disciplinary violations? Yes No
If yes, please attach a statement providing full details.
 - E. Are bank accounts reconciled by someone not authorized to deposit or withdraw? Yes No
If no, please explain alternative controls: _____
 - F. Is countersignature of checks required? Yes No
If yes, limit countersignature is required: _____
If no, please explain alternative controls over check signing: _____
 - G. Have there been any changes to ownership or management within the past three years? Yes No
 - H. Are internal controls systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher and sign it)? Yes No
If no, please explain alternative controls: _____
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7) Pre-employment Screening (conducted prior to hiring in all business units)

- A. Do you perform criminal background checks? Yes No
- B. Do you perform reference checks that include prior employers of the past five years? Yes No

8) Payroll Controls

- A. Do you outsource your payroll function? Yes No
- B. Are management policies and computer system controls in place to prevent persons who approve new hires from adding them into the payroll? Yes No

9) Purchasing

- A. Is an authorized vendor list used and updated at least annually? Yes No
- B. Are procedures in place to verify the existence and ownership of all new vendors prior to adding them to the authorized vendor list? Yes No

10) Computer & Funds Transfer Controls (complete only if you are requesting this coverage)

- A. Is there a software security system in place to detect fraudulent computer usage by employees or outsiders? Yes No
- B. Are passwords and access codes changed at regular intervals and when users are terminated
- C. What is the average daily number of funds transfers? _____
- D. What is the average daily dollar volume of electronic funds transfers? _____ Maximum _____
- E. Is there a written policy regarding wire transfers? Yes No

11) Fraudulent Transfer Instructions (complete only if you are requesting this coverage)

- A. Do you have procedures whereby your employees that process internal wire transfers are to never process a request from an owner, partner, senior executive, manager or any other employee:
1. without first validating the request with a call back to the requestor (inclusive of any owner) at a pre-determined work phone number? Yes No
 2. unless the request comes from someone with documented authority and within their established limit threshold? Yes No
- B. Do you require next level officer, manager or supervisor approval to be obtained before processing an internal wire transfer? Yes No
- C. Do you provide anti-fraud training that includes how to detect phishing, spear phishing and other types of social engineering fraud schemes to all your employees, particularly those who have authority to initiate wire transfer requests from clients? Yes No
- D. Do you authenticate all requested changes to client information (such as bank account, routing number, contact information) with a phone call to an authorized representative of the client at a phone number provided at the time of contracting? Yes No
- E. Do you have a written policy regarding wire transfers from clients' accounts? Yes No
- F. Have approval authorities been established in writing and are they current? Yes No
- G. Has separation been established between the individuals responsible for approving and processing wire transfers? Yes No
- H. Do you authenticate all client instructions to transfer funds by calling the client at a predetermined phone number? Yes No
- I. Do you require the sender of the request to transfer funds verify the instructions with the password, PIN, or other security code known only to the client to confirm identity? Yes No
- J. Do you have a procedure in place to make a contemporaneous record of the call back and of the instructions which verifies use of the authorized password, PIN, or other security code of the client? Yes No
- K. Do you require that all instructions are received by an employee specifically authorized to receive and act upon such instructions? Yes No

It is understood that the first premium upon the Policy applied for, and subsequent premiums thereon, are due at the beginning of each premium period, that the Underwriter is entitled to additional premiums because of any unusual increase in the number of Employees or Premises and that the Applicant agrees to pay all such premiums promptly. The Employees of the Applicant have all, to the best of the Applicant's knowledge and belief, while in the service of the Applicant always performed their respective duties honestly. There has never come to its notice or knowledge any information which in the judgment of the Applicant indicates that any of the said Employees are dishonest. Such knowledge as any officer signing for the Applicant may now have in respect to his own personal acts or conduct unknown to the Applicant, is not imputable to the Applicant.

KENTUCKY FRAUD WARNING: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance 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.

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

NEW JERSEY FRAUD WARNING: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

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.

OHIO FRAUD WARNING: 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.

PENNSYLVANIA 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.

FLORIDA FRAUD WARNING: 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.

Application completed by (Name and Title): _____

Date: _____ Signature: _____

THEODORE LIFTMAN INSURANCE, INC.

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Advisors Professional Liability • ERISA and Fidelity Bonds • Directors & Officers Liability • State Surety Bonds • Cyber Security Liability

DESCRIPTION OF COVERAGES

This is a general description of coverages. Please refer to actual policy and endorsements for complete terms and conditions, which can be furnished upon request.

1. Employee Theft

Covers loss of or damage to money, securities and other property resulting directly from theft committed by an employee. (This Insuring Agreement includes forgery committed by an employee which results in theft of money, securities or other property.)

THE FOLLOWING COVER ACTS COMMITTED BY SOMEONE OTHER THAN AN EMPLOYEE.

2. Forgery or Alteration

Covers loss from forgery or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum in money.

3. Inside The Premises – Theft of Money and Securities

Covers loss of Insureds money and securities by theft, disappearance or destruction and damage to a locked safe, vault, cash register, cash box or cash drawer located inside the premises resulting from an actual or attempted theft of or unlawful entry into those containers. Also extend to loss from damage to the exterior of the premises resulting directly from an actual or attempted theft of money and securities. (This applies only if the Insured is the owner of the premises or the insured is liable for damage to it).

4. Inside The Premises – Robbery Or Safe Burglary Of Other Property

Covers loss of or damage to other property resulting directly from robbery (or attempted) of a custodian or from robbery (or attempted) of a safe or vault that is within the Insureds premises.

5. Outside The Premises

Covers loss of money and securities, outside the premises, in the care and custody of a messenger or an armored car resulting from theft, disappearance or destruction. Regarding loss of other property, this will cover losses to other property, outside the premises, in the care and custody of a messenger or an armored motor vehicle company resulting from a robbery.

6. Computer Fraud

Covers loss of or damage to "funds" or "Other Property" resulting directly from an unauthorized transfer of "funds" or "Other Property" by a natural person who has gained unauthorized access to your "computer system." ("Funds" and "Other Property" are defined terms within the policy). The typical scenario is where a hacker gains unauthorized access to the computer of the Insured and causes a fraudulent transfer resulting in a loss of "funds" or "Other Property".

7. Funds Transfer Fraud

Covers loss of funds by a "fraudulent instruction" directing a financial institution to transfer, pay or deliver funds from the Insured's account (an account at a financial institution that is maintained by the Insured from which the Insured can transfer or make payments from. This includes electronic, cable, fax or telephone instructions or written instructions fraudulently purporting to be the Insured but which was in fact fraudulently transmitted by someone else without the insured's knowledge or consent.

8. Money Orders and Counterfeit Money

Covers loss resulting from your having accepted in good faith, in exchange for merchandise, money or services: a. money orders that are not paid upon presentation or b. counterfeit paper currency that is acquired during the regular course of business.

9. Funds Transfer – False Pretenses Coverage

Provides coverage for the financial losses arising from social engineering fraud (phishing, spear phishing, pretext, and impersonation) perpetrated by email, instant message, text, telephone or other electronic means. It is where a fraudster impersonates a trusted business partner, vendor, employee or client by phone, email, or text, and tricks the Insured into voluntarily transferring funds to them.

Claims examples:

- i. A CFO working remotely apparently sent an email request to the controller for a \$143,000 wire transfer to a trusted vendor, a routine procedure. After completing the transfer, they discovered a fraudster had spoofed the CFO's address, and had been conned.
- ii. A fraudster created fake email addresses for a VP of Finance and one of their suppliers that were off by just one character, and not noticed by either party. After an email exchange through the fake addresses, the VP of Finances transferred a \$1,320,000 payment to the supplier account provided in the email, which turned out to be a fake account in China

10. Fraudulent Transfer Instructions – Customer Property Only

Provides coverage for the financial losses arising from the Insured voluntarily releasing money on deposit in a customer's account in reliance upon a fraudulent instruction that was sent to the Insured via telefacsimile, telephone, or email.