



**APPLICATION FOR INSURANCE  
FINANCIAL INSTITUTION BOND, FORM NO. 24**  
(For use by Most Banks and Trust Companies)

ATTACH TO THIS APPLICATION:

- MOST RECENT ANNUAL REPORT INCLUDING FINANCIAL STATEMENTS
- LATEST EXTERNAL AUDITOR'S LETTER TO MANAGEMENT ON INTERNAL CONTROLS AND MANAGEMENT'S RESPONSE OR A LETTER DIRECTLY 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: \_\_\_\_\_  
(Street)  
\_\_\_\_\_  
(City, Province Postal Code)

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

Date Insured was established: \_\_\_\_\_

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

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

1. For all Insured, show the total number of:
- |   | <u>No. of</u>   |               |       |                                      |       |       |       |
|---|---|---------------|-------|--------------------------------------|-------|-------|-------|
| (a) Officers and employees, retained attorneys and persons provided by employment contractors:  | <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">within Canada</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>U.S., Puerto Rico and Virgin Islands</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">_____</td> </tr> </table> | within Canada | _____ | U.S., Puerto Rico and Virgin Islands | _____ | Other | _____ |
| within Canada   | _____   |               |       |                                      |       |       |       |
| U.S., Puerto Rico and Virgin Islands  | _____   |               |       |                                      |       |       |       |
| Other   | _____   |               |       |                                      |       |       |       |
| (b) Banking locations (other than the Home Office of the Insured first Named):<br>in Canada _____<br><br>U.S., Puerto Rico and Virgin Islands _____ |   |               |       |                                      |       |       |       |
| (c) Limited banking facilities:<br>in Canada _____<br><br>U.S., Puerto Rico and Virgin Islands _____  |   |               |       |                                      |       |       |       |



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(d) Non-banking locations:  
 in Canada \_\_\_\_\_  
 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:

<u>Location</u>	<u>Location</u>
_____	_____
_____	_____
_____	_____

2. Complete the following: Total Deposits                      Total Assets                      Total Loans & Discounts

(a) As of latest Dec. 31    \$ \_\_\_\_\_                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

(b) As of latest June 30    \$ \_\_\_\_\_                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_

3. Complete the following 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**

<u>Basic Form of Coverage</u>			<u>Amount</u>
(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:		\$ _____

<u>Optional Forms of Coverage</u>						
(b)	Is Insuring agreement D - Forgery or Alteration Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(c)	Is Insuring agreement E - Securities Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
	If "Yes", is Loan Participation Coverage Desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(d)	Is Trading loss Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(e)	Is Extortion – Threats to Persons Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(f)	Is Extortion – Threats to Property Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(g)	Is Fraudulent Real Property Mortgages Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
(h)	Is Computer Systems Fraud Coverage desired?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____
	If "Yes", complete the following:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	\$ _____

(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 System(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;  
 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 Systems(s) for which coverage is desired:  
 (For Automated Teller Machine Systems, Complete item (c) below.)

Computer Systems(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 Tested Communication? Yes  No

(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:



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Name & Location

\_\_\_\_\_

\_\_\_\_\_

Name & Location

\_\_\_\_\_

\_\_\_\_\_

(l) Is Servicing Contractors Coverage desired? Yes  No

If "Yes", complete the following: (**NOTE:** Servicing Contractors service 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 of Coverage

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(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 of Coverage

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. 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

\_\_\_\_\_

\_\_\_\_\_

Name & Location

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

7. **AUDIT PROCEDURES:**  
**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 the 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

**8. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):**

(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 or cheque numbers carefully observed to ensure proper accountability. Yes  No

(d) If cheque-signing machines are used, described 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 that 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 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 initialed 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 loans 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 clients' 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

9. EXPOSURE

	<u>Head Office</u>	<u>Main Branches</u>	<u>Other Branches</u>
<b>Premises</b>			
(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:	\$ _____	\$ _____	\$ _____



**10. VAULTS, SAFES AND ALARMS**

**VAULTS**

Head Office

Main Branches

Other Branches

- (a) Are there vaults on the premises? Yes  No       Yes  No       Yes  No
- (b) Are they equipped with: dual combination lock? Yes  No       Yes  No       Yes  No
- time lock? Yes  No       Yes  No       Yes  No
- Lockable day gate? Yes  No       Yes  No       Yes  No
- (c) Are walls, floors and ceiling of reinforced concrete and lined steel? Yes  No       Yes  No       Yes  No
- (d) What is the U.L. (Underwriters Laboratories) rating? \_\_\_\_\_

**SAFES**

- (a) Are there safes on the premises? Yes  No       Yes  No       Yes  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**

- 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 Police ? 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**

Head Office

Main Branches

Other Branches

(a) Please specify other protection devices such as camera systems, security services, or other security measures not mentioned herein: \_\_\_\_\_

**11. PERSONNEL**

(a) Do you require annual vacation 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 employees' 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? Yes  No

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**



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Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount from other than Insurance	Amount of Loss Pending	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 requirements or control of any sort, to any regulatory or governing bodies? Yes  No

If the answer is yes, please give complete details

<u>Special Conditions</u>	<u>Reason</u>
_____	_____
_____	_____
_____	_____

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 ground for the rescission of any bond issued in reliance upon such information.

The undersigned acknowledges that any personal information provided in connection with the coverage applied for, including but not limited to the information contained in this application, has been collected in accordance with all applicable privacy legislation. The undersigned confirms that all necessary consents have been obtained for the collection, use, and disclosure of such information for the purposes of assessing the application for insurance, and if applicable, investigating and settling claims, detecting and preventing fraud, and acting as required or authorized by law.

For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Liberty Mutual Insurance Company's insurance business in Canada.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
 (Insured) Signed by \_\_\_\_\_

\_\_\_\_\_  
 (Name - Please Print)

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



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**ADDENDUM**

(Please add here any additional information)