



**APPLICATION FOR INSURANCE
FINANCIAL INSTITUTION BOND, FORM NO. 25**
(For Insurance 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 INSURED**s 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. 25**, 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: _____ Name of prior carrier: _____

Insured is licensed: Federally Provincially ; Other _____

1 Insured is a (check the appropriate box): Insurance Company ; Life Insurance Company ; Industrial ; Non-Industrial Other ; _____

2 Identify your principal lines of insurance: _____

3 For all Insureds, show the total number of:

(a) Salaried officers, employees, retained attorneys and persons provided by employment contractors

(b) Locations (other than the Head Office of the first Named Insured) in Canada and the U.S., where insurance operations are conducted _____

(c) Locations in Canada and the U.S., where non-insurance operations are conducted _____



(d) All locations outside of Canada and the U.S., where insurance and non-insurance operations are conducted, list below:

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

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:

INDICATED IN THE DECLARATIONS OF THE BOND WILL BE REQUESTED
 AND WILL BE INDICATED IN THE DECLARATIONS OF THE BOND

	<u>Basic Form of Coverage:</u>	<u>Single Loss Limit:</u>
(a) Basic Bond Coverage:	_____	\$ _____

Optional Forms of Coverage:

- | | | | |
|---|------------------------------|-----------------------------|-------|
| (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"/> | _____ |
| (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 Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | _____ |

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 System(s): _____
- (b) Is access to your System(s) by agents, brokers or outside parties permitted? Yes No

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

<u>Computer System(s)</u>

- (i) 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:

<u>Name & Location</u>	<u>Name & Location</u>

- (j) Is coverage desired on draft-signers, who while in the service of a policyholder of the Insured are authorized to sign drafts on your behalf? Yes No

If "Yes", list below the name and location of each policyholder and draft-signer:

<u>Name & Location</u>	<u>Name & Location</u>

- (k) **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

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



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

<u>Name & Location</u>	<u>Name & Location</u>
_____	_____
_____	_____

7. For deductibles, complete the following: (NOTE: Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage

<u>Coverage</u>	<u>Single Loss</u>	<u>Deductible</u>
(a) All coverages except Insuring Agreements (D), (E)	\$ _____	\$ _____
(b) Insuring Agreement (D)-Forgery of Alteration	\$ _____	\$ _____
(c) Insuring Agreement (E)-Securities	\$ _____	\$ _____

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

9. 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>Amounts</u>	<u>Expiration Date</u>
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

10. **AUDIT PROCEDURES:**

(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)(i) 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) (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

(g) Are money and securities physically counted and verified? Yes No

(h) Are the ledger balances to the credit of customers verified? Yes No

11. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):

(a) Is there countersignature of cheques? 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) Does your own staff adjust policyholders 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. _____

(h) Do you require annual vacations of at least two consecutive weeks for all officers and employees? Yes No
 If "No", please explain: _____

Securities

(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 in your firm of persons who have access to your securities:

Name

Position



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(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:

<u>Name</u>	<u>Position</u>
_____	_____
_____	_____
_____	_____
_____	_____

12. Give details of prior coverage:

- (a) Form of bond or policy: _____ (b) Expiry date: _____
 (c) Amount of Coverage: _____ (d) Annual premium: _____
 (e) 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 three 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 three years (whether reimbursed or not.)

CHECK IF NONE _____

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount from other than Insurance	Amount of Loss Pending	Location
_____	_____	\$	\$	\$	\$	_____
_____	_____	\$	\$	\$	\$	_____
_____	_____	\$	\$	\$	\$	_____



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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 _____

<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 grounds 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)



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SUPPLEMENTAL APPLICATION

LIFE INSURANCE COMPANY

AGENTS QUESTIONNAIRE

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.

			Single Loss Limit	Single Loss Deductible	
1.	(a) Is Coverage on your General Agents desired? Yes <input type="checkbox"/> No <input type="checkbox"/>		\$ _____	\$ _____	
	(b) Is Coverage on your Soliciting Agents desired? Yes <input type="checkbox"/> No <input type="checkbox"/>		\$ _____	\$ _____	
	(c) Is Covered on your Servicing Agents desired? Yes <input type="checkbox"/> No <input type="checkbox"/>		\$ _____	\$ _____	
2.	Number of:	Within Canada	U.S.	outside Canada and the U.S.	Total
	General Agents	_____	_____	_____	_____
	Soliciting Agents	_____	_____	_____	_____
	Servicing Agents	_____	_____	_____	_____
	TOTAL	_____	_____	_____	_____

3. Explain fully the Insured's control over its Agents:

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

If "No", please explain: _____

(b) Does your firm bill the client directly? Yes No



(c) Are there other means of payment? Yes No

Please explain: _____

(d) What procedure is followed for the first payment? _____

(e) How does the Insured know that it is receiving all first payments on new accounts?

(f) How does the Insured verify that a client has purchased a "Policy"?

(g) Does the Insured send a verification statement to its clients on all new business Yes No
 Do these verification requests contain instructions to report discrepancies to a named person other than the Agent?
 Yes No

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

(i) How are commissions paid to Agents?

(i) Deducted by Agents? Yes No

(ii) Paid by Insured to Agent? Yes No

4. (a) What prior investigation is made before issuing a contract to a prospective Agent?

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

(c) Is the Agent's loss history reviewed? Yes No

5. Is there a periodic review of Agents? Yes No

If "Yes", how often? _____

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

(a) Life Policies? Yes No

(b) Securities? Yes No



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- (c) Annuities? Yes No
- (d) Other? Yes No

Please describe: _____

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

8. (a) List all claims involving agents that have occurred during the past three 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 three years (whether reimbursed or not.)

CHECK IF NONE

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount from other than Insurance	Amount of Loss Pending	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.

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)