

**CRIME INSURANCE - PROPOSAL FORM**

(Please fill in CAPITALS only)

Annexure CI 2B

Please answer all of the following inquiries. The proposal should be completed to reflect the practices of all entities for which coverage is sought. If HDFC ERGO General Insurance Company Limited (hereinafter referred to as the "Company") agrees to issue a policy, all of the information which the Applicant provides will become a part of and shall form the basis of any policy issued to the Applicant by the Company and shall be incorporated therein. Any misrepresentation, omission, concealment or incorrect statement of a material fact in this proposal will be grounds for rescission.

**GENERAL INFORMATION**

Name of Applicant: \_\_\_\_\_

Principal Address: \_\_\_\_\_

Is the Applicant a  Proprietorship  Partnership  Corporation

Date Established \_\_\_\_\_

Nature of Applicant's business \_\_\_\_\_

Subsidiaries : Does the Applicant want to include all subsidiaries?  Yes  No

Name	Business	% Owned	Date Acq./Created

Attach list or provide copies of Annual Reports

Coverage Requested	Limit Requested	Deductible Requested
Insuring Clause 1. Employee Theft Coverage	Rs. _____	Rs. _____
Insuring Clause 2. Premise Coverage	Rs. _____	Rs. _____
Insuring Clause 3. Transit Coverage	Rs. _____	Rs. _____
Insuring Clause 4. Depositors Forgery Coverage	Rs. _____	Rs. _____
Other Coverages Required _____	Rs. _____	Rs. _____

Proposed Effective Date: \_\_\_\_\_

Please note that this proposal is not a binder for coverage. Any coverage requested may differ significantly from coverage granted (if any) by the Company.

Locations	India	Foreign	Grand Total
Totals			

Annual Sales or Gross Revenues:

Locations	India	Foreign	Grand Total
Totals			

**INTERNAL CONTROLS**

**1 AUDITS**

A) Are the books audited by an Independent C.P.A?

\_\_\_\_\_

If so, by whom?

\_\_\_\_\_

How often?

(Please attach a copy of the latest audited financial statements)

B) Are these audits complete and unqualified?

\_\_\_\_\_

If not, describe the limitations

\_\_\_\_\_

C) Are these audits undertaken for each entity to be covered?

\_\_\_\_\_

If not explain

D) If an independent C.P.A. is not retained, who is responsible for auditing the books?

\_\_\_\_\_

Briefly explain the scope and limitations of such audit

\_\_\_\_\_

E) Does the audit include all locations?

\_\_\_\_\_

F) Is there an auditor's letter to management relating to internal control weaknesses?

(If so, please attach a copy).

Has management prepared a reply?

(If so, please attach a copy).

G) Are internal audits performed in addition to or in place of external audits?

If so, how often?

\_\_\_\_\_  
(Please attach a copy of the most recent internal audit report available)

**2 INVENTORY CONTROL**

A) Is a complete inventory made including a physical check of stock and equipment?

If yes, by whom?

How often?

B) Is there separation of duties with respect to

i) Shipping and receiving? \_\_\_\_\_

If so, describe: \_\_\_\_\_

ii) Inventory control and audit? \_\_\_\_\_

If so, describe: \_\_\_\_\_

**3 BANK ACCOUNT CONTROL:**

A) Do the employees who reconcile the monthly bank statements also either

i) sign cheques? \_\_\_\_\_ ii) handle deposits? \_\_\_\_\_ or

iii) have access to cheque signing machines or signature plates? \_\_\_\_\_

B) Do the employees who prepare cheque requisitions also have cheque-signing authority

It is inadvisable for the reconciliation to be done by an employee who also signs cheques, handles deposits or who has access to cheque signing machines or signature plates. It is also not advisable that employees who prepare cheques have cheque-signing authority. Under such circumstances losses may be concealed. If any answer in response to questions 3.(A) or (B) is yes, will the Applicant correct this weakness and if so, when?

C) Is countersignature of cheques required? \_\_\_\_\_

If yes, over what limit? \_\_\_\_\_

If the answer to any of the above questions is no, what alternative controls are in place?

D) Does the Applicant transfer or wire funds through its bank? \_\_\_\_\_

If so, who is authorised to direct the bank? \_\_\_\_\_

E) Describe the monetary and procedural controls in place to with respect to wire transfers: \_\_\_\_\_

**4 COMPUTER CONTROL:**

A) Are pre-authorisation controls maintained for all programmers and operators?

B) Are the duties of programmers and operators separated?

C) Is the output reconciled by persons who do not prepare or process the input?

D) Do audit practices include "tests" to detect unauthorised programming changes? If yes, please provide details

E) Are computerised cheque writing operations segregated from departments that authorise cheques?

F) Do persons other than employees have physical or electronic access to the Applicant's facilities? If yes, please describe the circumstances and the controls in effect

F) Does the Applicant use computers to handle wire transfers? If yes, attach a copy of procedures

**5 SECURITIES:**

A) State the value of negotiable securities owned or held \_\_\_\_\_ (If none, so state)

B) Where are the securities kept? \_\_\_\_\_

C) If safe deposit boxes are used, has the bank been instructed to require that two individuals be present before entry to any box is permitted? \_\_\_\_\_  
If not, identify by name and position those having access. \_\_\_\_\_

**6 PRECIOUS METALS:**

Is there an exposure of precious metals or stones (such as Gold, Silver, Copper, Platinum, Industrial Diamonds or similar high-value materials)? \_\_\_\_\_

If yes, attach a copy of any procedural manual and a separate listing of such exposures by location, stating the maximum value at each such location and the controls in place over their use e.g. who has access, what inventory controls exist, etc, and what form the materials are in e.g. bar, powder, etc.

**7 MONEY, SECURITIES & PAYROLL EXPOSURES**

LOCATION	EXPOSURE INSIDE PREMISES	PROTECTION	EXPOSURE OUTSIDE PREMISES
List each premise (Use additional forms if there are more than two locations)	Indicate maximum a) Money b) Cheques c) Cash or Payroll d) Negotiable Securities if any	Indicate a) Type of safe, FP, BP, etc. b) Number of Clock Watchmen c) Number of Central Station Reporting Watchmen d) Type of Alarm System, messengers	Indicate maximum amount of a) Money b) Cheques c) Negotiable Securities d) Cash or Payroll in the custody of messengers at any time e) State No. of messengers f) Guards accompanying
	a) _____ b) _____ c) _____ d) _____	a) _____ b) _____ c) _____ d) _____	a) _____ b) _____ c) _____ d) _____ e) _____ f) _____
	a) _____ b) _____ c) _____ d) _____	a) _____ b) _____ c) _____ d) _____	a) _____ b) _____ c) _____ d) _____ e) _____ f) _____

**8 EMPLOYEE BENEFIT PLANS:**

Are Employee Benefit Plans to be included?  Yes  No

If yes, please list the name of all Plans to be included: \_\_\_\_\_

**9 PERSONNEL CENSUS :**

**CLASS I EMPLOYEES**

For the purposes of premium computation, Class I Employees are directors, officers and employees who have access to Money, Securities, stock, equipment and/or other property of the Applicant or the Applicant's customers.

**A) Domestic Employees**

Class I Employees \_\_\_\_\_ All other Employees \_\_\_\_\_

TOTAL DOMESTIC EMPLOYEES \_\_\_\_\_

**B) FOREIGN EMPLOYEES**

Employees located in foreign countries. Please specifically list countries in the space provided and use a separate sheet if necessary :

Country	Class I Employees	All other Employees	Type of Operations
Total Foreign Employees			

**C) GRAND TOTAL ALL EMPLOYEES** \_\_\_\_\_

(add items (A) and (B) above)

**D) Does the Applicant routinely check the prior employment records and police records of all new employees?**

**10 LOSS EXPERIENCE**

List all employee dishonesty, burglary, robbery, disappearance, destruction and forgery losses discovered by the Applicant in the last six (6) years, itemising each loss separately, whether or not covered or claimed on an insurance policy or bond: If none, please state so \_\_\_\_\_

Date of Loss	Total Amount*	Description	Precautions Taken to Prevent Repetition

\*Please include that part of any loss covered by insurance as well as any additional amount incurred by the Applicant.

**11 PREVIOUS INSURANCE**

A) INSURER                      LIMITS                      DEDUCTIBLE                      PERIOD                      PREMIUM

Expiring \_\_\_\_\_

Previous \_\_\_\_\_

**B) Has the Applicant ever been refused this type of cover or had a similar policy cancelled? If yes, please explain:**

\_\_\_\_\_

\_\_\_\_\_

**PREMIUM DETAILS**

Amount Rs.                      Rupees \_\_\_\_\_

**SOURCES OF FUND**

Salary  Business  Other  (Please Specify) \_\_\_\_\_

**BANK ACCOUNT DETAILS**

Bank Account No.                      Bank Name \_\_\_\_\_

Branch Name & Address \_\_\_\_\_

**IMPORTANT**

**FRAUD WARNING**

The Applicant understands that if a proposal has been completed for this insurance, then the statements and all particulars provided in such proposal, and any attachments thereto, are material to the company's decision to provide this insurance. The Applicant further understands that the company will, in its sole discretion, issue this Policy in reliance upon the truth of such statements and particulars.

ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD THE COMPANY OR OTHER PERSONS, FILES, A PROPOSAL 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 WILL RENDER THE POLICY VOIDABLE AT THE COMPANY'S SOLE DISCRETION AND RESULT IN A DENIAL OF INSURANCE BENEFITS.

**IF A CLAIM IS IN ANY RESPECT FRAUDULENT, OR IF ANY FRAUDULENT OR FALSE PLAN, SPECIFICATION, ESTIMATE, DEED, BOOK, ACCOUNT ENTRY, VOUCHER, INVOICE OR OTHER DOCUMENT, PROOF OR EXPLANATION IS PRODUCED, OR IF ANY FRAUDULENT MEANS OR DEVICES ARE USED BY THE APPLICANT/POLICYHOLDER, BENEFICIARY, CLAIMANT OR BY ANYONE ACTING ON THEIR BEHALF TO OBTAIN ANY BENEFIT UNDER THIS POLICY, OR IF ANY FALSE STATUTORY**

**DECLARATION IS MADE OR USED IN SUPPORT THEREOF, OR IF LOSS IS OCCASIONED BY OR THROUGH THE PROCUREMENT OR WITH THE KNOWLEDGE OR CONNIVANCE OF THE APPLICANT, POLICYHOLDER, BENEFICIARY, CLAIMANT OR OTHER PERSON, THEN ALL BENEFITS UNDER THIS POLICY ARE FORFEITED.**

Notice:

**Anti-Rebating**

Per Section 41 of the Insurance Act 1938, as amended, the practice of rebating is prohibited, as follows:

**NO PERSON SHALL ALLOW OR OFFER TO ALLOW, EITHER DIRECTLY OR INDIRECTLY, AS AN INDUCEMENT TO ANY PERSON TO TAKE OUT, RENEW OR CONTINUE AN INSURANCE POLICY, IN RESPECT OF ANY KIND OF RISK RELATING TO LIVES OR PROPERTY IN INDIA, ANY REBATE OF THE WHOLE OR PART OF THE COMMISSION PAYABLE OR ANY REBATE OF THE PREMIUM SHOWN ON THE POLICY, NOR SHALL ANY PERSON TAKING OUT OR RENEWING OR CONTINUING A POLICY ACCEPT ANY REBATE, EXCEPT SUCH REBATE AS MAY BE ALLOWED IN ACCORDANCE WITH THE PUBLISHED PROSPECTUS OF THE INSURER.**

**VIOLATIONS OF SECTION 41 OF THE INSURANCE ACT 1938, AS AMENDED SHALL BE PUNISHABLE WITH A FINE WHICH MAY EXTEND TO FIVE HUNDRED (500) RUPEES.**

**DECLARATION**

The undersigned persons declare that to the best of their knowledge the statements set forth herein are true and correct and that reasonable efforts has been made to obtain sufficient information from each and every director, officer and employee proposed for this insurance to facilitate the proper and accurate completion of this Proposal. The undersigned further agree that , between the date of this Proposal and the effective date of the Policy, if insurance is provided, (1) any material change in the condition of the Applicant is discovered, or (2) there is any material change in the answers to the questions contained herein, either of which would render this Proposal inaccurate or incomplete, notice of such change will be reported in writing to the Company immediately and, if necessary, any outstanding quotation may be modified or withdrawn.

The signing of this Proposal does not bind the undersigned to purchase the insurance, but it agreed by the Applicant and all persons proposed for this insurance that the particulars and statements contained in this Proposal and attachments and materials submitted with this Proposal (which shall be retained on file by the Company and shall be deemed attached to the Policy, if insurance is provided, as if physically attached thereto) are true and correct and will be the basis of the Policy and will be considered as incorporated in and constituting part of the Policy. It is further agreed by the Applicant and all persons proposed for this insurance that such particulars and statements are material to the decision to provide this insurance and that any Policy will be issued in reliance upon the truth of such particulars and statements. All such particulars and statements shall be deemed to be made by each and every one of the persons proposed for this insurance, provided that, except for any misstatements or omissions of which the signers of this Proposal are aware, any misstatements or omissions in this Proposal, or the attachments and materials submitted with it, concerning any matter which any person proposed for this insurance has reason to suppose might offer grounds for a future claim against him or her shall not be imputed, for purposes of rescission of the Policy, to any other persons proposed for this insurance who are not aware of the omission or the falsity of the statement.

PLEASE NOTE: ONLY DULY APPOINTED AGENTS OF THE COMPANY ARE AUTHORISED TO SOLICIT PROPOSALS FOR INSURANCE. AGENTS AND BROKERS ARE NOT AUTHORISED TO BIND INSURANCE. NO COVERAGE SHALL BE PROVIDED UNLESS THE COMPANY ACCEPTS THE PROPOSAL AND BINDS THE INSURANCE.

A policy cannot be issued unless the proposal is duly completed, signed, dated and stamped.

Signed \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Chairman of the Board or Managing Director Only

NOTE : This proposal and all attachments shall be treated in strictest confidence.

Insurance is the subject matter of the solicitation Form No. 315