



PROPOSAL
CRIME INSURANCE POLICY

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
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Attach list or provide copies of Annual Reports



Limit Coverage Requested	Deductible Requested	Requested	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?

(E) 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?

(B) 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

(G) 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	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, if any	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 messengers
	a) _____ b) _____ c) _____ d) _____ e) _____	a) _____ b) _____ c) _____ d) _____ f) _____	a) _____ b) _____ c) _____ d) _____
	a) _____ b) _____ c) _____ d) _____ e) _____	a) _____ b) _____ c) _____ d) _____ f) _____	a) _____ b) _____ c) _____ d) _____

8. EMPLOYEE BENEFIT PLANS

Are Employee Benefit Plans to be included?

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:

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 APPLICANTPOLICYHOLDER, 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.

Signed : _____
Name

Title : _____
Managing Director, Risk Manager or Insurance Manager only

Dated : _____

A policy cannot be issued unless the proposal is properly signed and dates as required.

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

HDFC ERGO General Insurance Company Limited
6th Floor, Leela Business Park
Andheri Kurla Road, Andheri East
Mumbai 400 079, India



Supplementary Questionnaire

(This supplementary questionnaire is subject to same terms and conditions as stated above in the Miscellaneous Professional Liability Proposal form)

1. List all the locations of the Company (within India and outside India). What services are rendered from foreign offices/locations. Pls give a break up of employees each location wise
2. List all subsidiaries of the Company, a brief description of operations and no of employees
3. Does the Company handle cash belonging to third parties and customers
4. How are vendor supplies and payments managed/controlled- are they centralized at HO or each location has prescribed authority.
5. Pls explain bank accounts operations controls/checks – In India and overseas – how often are bank account reconciliation done – any unexplained debits and credits?
6. Does the Company has risk management/legal department in the Company – do they review all business contracts entered with third parties
7. Who has the prime responsibility of managing crime in the Company
8. What are the specific measures the Company has in place in respect of inculcating a culture of control
9. Does the Company practice segregation of duties –
10. Pls provide copy of latest annual report.
10. On internal audit –
 - 10.1. Who performs it
 - 10.2. Who do they report to
 - 10.3. What is the total number of staff?
 - 10.4. How many locations are covered each year?



- 10.5. Do they cover overseas locations every year?
- 10.6. Have they made any recent recommendations in respect of operations of the Company
- 10.7. With regard to scope of the audit: what areas are covered, does it cover invoicing, payroll, inventory, bank account reconciliation's and debtor/creditor reconciliation's and stock counts.
11. Does the Company has procedure for screening of all new employees by verifying documents, reference checks, etc
12. Does management conduct surprise checks/visits to branches and outside India locations
13. Has any process in the Company being outsourced- what checks are undertaken at the third party locations?
14. What limits are requested and deductibles?